



**GREEN  
CLIMATE  
FUND**

**Meeting of the Board**  
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Provisional agenda item 7

**GCF/B.17/Inf.02**

21 June 2017

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# Reports from committees, panels and groups of the Board of the Green Climate Fund

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## **Summary**

This document contains the reports on activities that have already been undertaken or are planned to be undertaken by the following committees and panels of the Board of the Green Climate Fund during the reporting period of March to May 2017:

- (a) Accreditation Committee;
- (b) Risk Management Committee; and
- (c) Independent Technical Advisory Panel.

## I. Introduction

1. This report covers the reporting period of March to May 2017, and also indicates activities planned to be carried out by the committees and panels of the Board of the Green Climate Fund in advance of its seventeenth meeting (B.17).

## II. Report on activities of the Accreditation Committee

2. The report addresses the mandate given to the Accreditation Committee (AC) in annex IV to decision B.07/02, to provide policy guidance to the Board on accreditation-related matters.

3. This report covers the reporting period of March to May 2017, and also indicates activities planned to be carried out by the AC of the Board.<sup>1</sup>

### 2.1 Activities during the reporting period

4. The AC had one virtual meeting during the reporting period at which it discussed accreditation policy matters related to documents for consideration at future Board meetings.<sup>2</sup> These include:

- (a) Further developing a strategy on accreditation in accordance with decision B.14/08, paragraph (b); and
- (b) Further developing the accreditation framework in accordance with decisions B.13/28, paragraph (b), and B.14/08, paragraph (c).

5. The AC provided additional feedback as a part of its consultations with the Accreditation Panel (AP) regarding the following issues:

- (a) A draft code of conduct for the AP in accordance with decision B.07/02, annex V, paragraph 14;
- (b) Draft terms of reference for a consultant to develop baselines of greenhouse gas emissions and climate resilience of the portfolio of activities of accredited entities (AEs) in accordance with decision B.12/30, paragraph (d); and
- (c) Modalities for the use of third-party evidence in the accreditation process in accordance with decision B.14/08, paragraph (e) (i).

### 2.2 Next steps

6. In the period after B.17, the AC plans to continue the further development of the accreditation framework and the strategy on accreditation.

7. The AC will continue to provide additional feedback as a part of the Secretariat's consultations with the AC regarding the development of the GCF environmental and social management system (ESMS) and environmental and social (E&S) policy, in line with decision B.07/02, paragraph (n). The Secretariat held a call for inputs on E&S policy and ESMS structure

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<sup>1</sup> Decision B.12/20, paragraph (f), states that the Board requested "the committees, panels and groups of the Board to include the actions outlined in the Strategic Plan in their respective deliberations and work programmes, as appropriate, throughout the Initial Resource Mobilization period, and to present these work programmes for consideration at the thirteenth meeting of the Board".

<sup>2</sup> The two virtual meetings were held on 18 January and 16 February 2017.

which ended in February 2017. The AC will be providing feedback to the Secretariat based on the revised draft ESMS and E&S policy.

8. In line with decision B.14/08, paragraph (e) (iii), the AC will also provide guidance on the AP's findings on the assessment, including a gap analysis, of the Adaptation Fund's Environmental and social policy and Gender policy and recommendations on potential accreditation for fast-tracking.

### III. Report on activities of the Risk Management Committee

9. In decision B.12/34, the Board requested the Risk Management Committee (RMC), with support from the Secretariat, to prepare and present to the Board for its consideration, an updated set of risk policies and guidelines that include internal risk rating methodologies, which should consider a differentiation of risks between adaptation and mitigation.

10. In decision B.13/36, the Board adopted the interim risk and investment guidelines, which it was noted would expire the earlier of: (1) the sixteenth meeting of the Board; or (2) at the adoption of an updated set of risk policies and guidelines as determined by decision B.12/34.

11. The Board through decision B.BM-2017/02 decided "that the interim risk and investment guidelines adopted pursuant to decision B.13/36, paragraph (a) will expire the earlier of: (1) the eighteenth meeting of the Board; or (2) the adoption of an updated set of risk policies and guidelines". In accordance with the work plan of the Board for 2017 adopted in the decision taken between meetings, the updated risk management framework is to be considered at B.17, and the remaining components of the risk management framework are to be considered at the eighteenth meeting of the Board.

12. In decision B.12/31, paragraph (d), the Board requested the Executive Director to regard the template accreditation master agreement (AMA) as the basis for negotiations with AEs. The Executive Director will determine, in consultation with the risk and legal teams, and the Risk Management Committee, whether a change is considered substantive on a case-by-case basis, and would require Board approval.

#### 3.1 Activities during the reporting period

13. In the reporting period of 1 March to 31 May 2017, six sessions of the RMC were held. The purpose of the meetings was to discuss and provide guidance to the Secretariat on the mandates given by the Board related to risk, including: (1) the preparation of the risk management framework, risk policies and guidelines; (2) 'know-your-customer' policy on anti-money laundering and countering the financing of terrorism; and (3) AMA consultation.

14. In addition, following the replacement of the former RMC Chair, Mr. Carlos Raúl Delgado Aranda, on the Board; the RMC nominated and affirmed Mr. Cyril Rousseau as RMC Coordinator until a formal RMC Chair is appointed. The RMC also welcomed a new member, Mr. Mamadou Honadia, appointed to the committee through decision B.BM-2017/04 in May 2017.

15. The main activities of the RMC during this reporting period include:

- (a) The introduction of the team from the risk consulting firm Oliver Wyman to the RMC, along with a review of the timeline of risk framework deliverables for the seventeenth and eighteenth meetings of the Board;
- (b) The review of the draft documents of the risk management framework, namely:

- (i) The risk appetite statement;
  - (ii) The risk guidelines for funding proposals;
  - (iii) The risk rating approach;
  - (iv) The risk register; and
  - (v) The risk dashboard.
- (c) The review of the draft 'Know-your-customer' policy on anti-money laundering and countering the financing of terrorism; and
- (d) The review of six AMAs, namely;
- (i) The AMA with the Foreign Economic Cooperation Office of the Ministry of Environmental Protection of China (FECO);
  - (ii) The AMA with the Korea Development Bank (KDB);
  - (iii) The AMA with the West African Development Bank (BOAD);
  - (iv) The AMA with Deutsche Bank AG (DB);
  - (v) The AMA with the European Bank for Reconstruction and Development (EBRD); and
  - (vi) The AMA with the South African National Biodiversity Institute (SANBI).
16. Regarding the review of AMAs, the RMC agreed with the Secretariat that the changes made to the FECO, KDB, BOAD, DB and SANBI AMAs were not substantive and therefore did not require Board approval.
17. Two changes made to the EBRD AMA were perceived by the RMC to be substantive deviations from the template. However, the RMC was supportive of these changes and recommended that the changes to the EBRD AMA be presented to the Board for approval at the sixteenth meeting of the Board.

## 3.2 Next steps

18. Additional RMC meetings will be scheduled in June 2017 and further RMC meetings may be held during B.17.

## IV. Report on activities of the independent Technical Advisory Panel

### 4.1 Activities during the reporting period

19. The independent Technical Advisory Panel (TAP) continued to review funding proposals and conducted its assessment based on the initial investment framework. Since the previous reporting period, the TAP received nine funding proposals in total for assessment. The TAP met in Songdo, Incheon, Republic of Korea, from 22 to 26 May 2017 and finalized the assessments of the eight funding proposals. Subsequently, the TAP issued another assessment of one transaction of which the revised funding proposal was issued on 22 May 2017.
20. In its assessment of the funding proposals, the TAP continued to engage with the AEs. This was done through sending written questions and receiving written responses as well as through virtual or face-to-face meetings to present the assessments of the TAP and a discussion on possible conditions and recommendations.

## 4.2 Matters where specific guidance from the Board is sought

21. The TAP noted that there were funding proposals with attachments in languages other than English. The TAP would like to advise the Board that those attachments have been excluded from the TAP assessments. In the future, the TAP recommends that no documents other than those presented in English be attached to a funding proposal. This will assist the AE, the Secretariat, the TAP and the Board to establish and share a common understanding of what is presented, assessed and considered. The AE may translate the information into English and attach it to a funding proposal, or may summarize the information and include it in English in the funding proposal, as they consider relevant.

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