



**GREEN  
CLIMATE  
FUND**

**Meeting of the Board**  
30 September – 2 October 2017  
Cairo, Arab Republic of Egypt  
Provisional agenda item 7

**GCF/B.18/Inf.02/Add.03**

**29 September 2017**

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

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## **Summary**

This document contains the reports on activities that have already conducted or are planned to be undertaken by the following committees and panels of the Board of the Green Climate Fund during the reporting period from June 2017 to mid-August 2017:

- (a) Ethics and Audit Committee.

## **I. Report on the activities of the Ethics and Audit Committee**

1. The composition of the Ethics and Audit Committee (EAC) is: Mr. Ayman Shasly (Chair), Mr. Larry McDonald, Dr. Omar El-Arini, Ms. Ludovica Soderini, Mr. Nauman Bhatti and Ms. Esther Gonzalez-Sanz.
2. The EAC, a standing Committee of the Board, continues its task, to provide guidance on issues of conflicts of interest, confidentiality, ethics, financial management, procurement and other audit functions as they relate to the Board.
3. This report covers the reporting period of July to September 2017, and also indicates activities planned to be carried out by the EAC of the Board.

## **II. Activities during the reporting period**

4. In the reporting period the EAC held six virtual meetings. The meetings were also attended by representatives of the Secretariat, the Independent Integrity Unit (IIU) and the Independent Redress Mechanism (IRM). During these meetings, the EAC discussed issues still outstanding from its previous meetings, policy documents to be considered at the eighteenth meeting of the Board (B.18), as well as other matters within its mandate. The EAC will hold an in-person meeting on 28 September 2017, just before B.18. The following items have been/are being considered by the EAC: Anti-Money Laundering and Countering the Financing of Terrorism (AML/CFT) Policy, the review of the external auditors and matters under the Policies on ethics and conflicts of interest.

### **2.1 Anti-Money Laundering and Countering the Financing of Terrorism**

5. Following the seventeenth meeting of the Board the EAC continued to provide feedback on the draft Anti-Money Laundering and Countering the Financing of Terrorism (AML/CFT) Policy, developed by the IIU, pursuant to decision B.14/01, paragraph (e) and IIU workplan. The AML/CFT Policy is scheduled for consideration at B.18. The EAC agreed on the AML/CFT Policy and recommends it for consideration and adoption by the Board.

### **2.2 External Auditors**

6. In accordance with its mandate and the Terms of Reference of the External Auditor in decision B.08/18, paragraph (b), the Board, through the EAC will evaluate the performance of the external auditors every three years. This evaluation supports the decision to renew the engagement in the years between Board-approved cycles of rotation. Daemyung Grant Thornton, the external auditor of the Green Climate Fund (GCF), have completed the first three-year term with the audit of the 2016 financial statements (approved by the Board at B.17). The EAC is pursuing its evaluation of the external auditors' performance. In this regard, the EAC sought further information and clarification from the Secretariat and the external auditors on some key issues, and has invited the external audit firm to a conference call to further discuss these issues. Pending the conclusion of its consultation with the audit firm, the EAC will decide on a recommendation on the renewal of their contract. The EAC's recommendations will be presented to the Board for approval.

### **2.3 Matters under the Policy on ethics and conflicts of interest for Board appointed officials**

7. The EAC received requests for its determination and guidance on ethical issues and conflicts of interest under the Policy on ethics and conflicts of interest for other Board Appointed Officials and in accordance with its mandate. In this regard, the EAC provided guidance on a potential conflict of interest and a declaration of activities outside the GCF, referred to the EAC for determination.

## 2.4 Matters under the Policy on ethics and conflicts of interest for the Board of the Green Climate Fund

8. The EAC is developing a procedure for reviewing requests for waivers to the requirement that a one and a half year cooling-off period applies before a person who has served as a member or alternate member of the Board or an adviser to a member of the Board becomes eligible for employment within the Secretariat. This procedure is being developed to help the EAC deal effectively with waiver requests that the EAC receives pursuant to paragraph 33 of the Policy on ethics and conflicts of interest for the Board of the Green Climate Fund.

## II. Next steps

9. In the period after B.18 the EAC plans to continue discussions and further develop the draft policies relating to Prohibited Practices and Whistle Blower and Witness Protection, referred to it by the IIU in line with decision B.14/01, paragraph (e). The progress that the IIU is making in the development of the draft policies and procedures is included in the “2018 Workplan and Budget of the Independent Integrity Unit”, scheduled for consideration at B.18. These policies will be presented to the Board for its consideration at a subsequent meeting.

10. In line with the Board mandate to the EAC, the EAC will consider the conflicts of interest relating to persons engaged with the GCF, as requested by the Board in the sixteenth meeting of the Board, with the aim of presenting its recommendations to the Board at a future meeting.<sup>1</sup>

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<sup>1</sup> B.16, Agenda item 7: Reports from committees, panels and groups, Paragraph 8