



**GREEN
CLIMATE
FUND**

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GCF/B.21/Inf.10

25 September 2018

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

Summary

This document contains the reports on activities that have already been 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 May to September 2018:

- (a) Accreditation Committee;
- (b) Accreditation Panel;
- (c) Ethics and Audit Committee;
- (d) Independent Technical Advisory Panel;
- (e) Investment Committee;
- (f) Private Sector Advisory Group; and
- (g) Risk Management Committee.

I. Introduction

1. This report covers the reporting period of May to September 2018, 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 twenty-first meeting (B.21).

II. Report on the 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.

2.1 Activities during the reporting period

3. The AC members held one informal meeting of the AC and one informal meeting jointly with the members of the Accreditation Panel (AP) prior to the twentieth meeting of the Board (B.20), one informal virtual meeting during the reporting period as well as communication on accreditation matters via email. The AC has not been able to convene formal meetings in the reporting period due to lack of quorum.

4. Mr. Wenxing Pan, Director of International Financial Institution Division III, Department of International Economic and Financial Cooperation, Ministry of Finance (China), has replaced Mr. Weifeng Yang as a member of the AC. This replacement is effective as of 6 September 2018.

5. Mr. Mathew Haarsager, Deputy Assistant Secretary for MDB Operations and Policy, U.S. Department of the Treasury, has replaced Mr. Geoffrey Okamoto as a member of the AC. This replacement is effective as of 20 September 2018.

6. Noting that the agenda item of the review of the accreditation framework, including the project specific framework approach,¹ was not opened at B.20, the AC members further discussed and provided written comments in preparation for the accreditation review presented in document GCF/B.21/08 for the Board's consideration at B.21.

7. In line with decision B.12/30, paragraph (d), the AP has been working towards establishing a baseline methodology on the overall portfolio of accredited entities (AEs), including those already accredited at an earlier stage, that allows for an assessment of the extent to which the overall portfolios of activities by AEs (beyond those projects/programmes funded by GCF) have evolved during the accreditation period. A draft version of the document was shared with the AC. AC members also, as a part of the Board, participated in the webinar consultations hosted by the AP.

8. In accordance with the terms of reference contained in annex V to decision B.07/02, paragraph (h), the AP developed its modalities of work. The AC noted the progress of the AP and reviewed the draft document. Further details are contained in the report on the activities of the AP.

2.2 Next steps

9. In the period after B.21, the AC will continue its work based on the workplan of the Board regarding accreditation matters.

¹ Document GCF/B.20/17.

III. Report on the activities of the Accreditation Panel

10. The report addresses the mandate given to the Accreditation Panel (AP) in decision B.07/02, paragraph (g), to serve as an independent technical panel to advise the Board on matters related to the accreditation of entities to GCF. The AP is responsible for conducting the accreditation process in accordance with its terms of reference (TOR), as adopted by the Board through decision B.07/02, paragraph (h).

3.1 Activities during the reporting period

3.1.1 Accreditation Panel governance, code of conduct and modalities of work

11. On 8 August 2018, the AP, by consensus, appointed Ms. Anastasia Northland as Chair and Mr. Yogesh Vyas as Vice Chair.

12. In decision B.07/02, paragraph (g), the Board established the AP as an independent technical panel to advise the Board on matters related to the accreditation of implementing entities and intermediaries to GCF. In paragraph (h) of the same decision the Board adopted the TOR for the AP, which defines the composition and the scope of the responsibilities of the AP, including:

- (a) The accreditation review process;
- (b) Independent advice to the Board on applications for accreditation;
- (c) Expert inputs for the further development of the GCF fiduciary standards, environmental and social safeguards, the GCF environmental and social management system as well as to the review of the guiding framework of the GCF accreditation process; and
- (d) Expert advice and inputs for the development of the complementarity and coherence element of the guiding framework, its work programme as well as the criteria and assessment of entities already accredited to other relevant funds.

13. Annex V to decision B.07/02 titled “Terms of reference of the Fund’s Accreditation Panel” outlines the modalities of work of the AP. Specifically, the AP will be bound by the TOR set forth in the annex as well as by relevant policies and procedures, including a code of conduct, to be developed by the AP and endorsed by the Board.²

14. The Rules of Procedure of the Board apply *mutatis mutandis* to the AP.

15. Although paragraph 14 of the TOR of the AP contained in annex V to decision B.07/02 states that the AP is to develop a code of conduct to be endorsed by the Board, the Policy on Ethics and Conflicts of Interest for External Members of the GCF Panels and Groups, adopted by the Board through decision B.10/13 and set out in annex XXVI to that decision, regulates the standards of conduct of AP members. As such, this policy is the code of conduct of the AP.

16. Paragraph 17 of the TOR of the AP states that the AP may also develop rules and procedures that are necessary to enhance transparency and effectively guide the conduct of its meetings; the additional rules and procedures are to be submitted to the Board for endorsement.

17. Annex I to this document addresses paragraph 17 of the TOR of the AP regarding the modalities of work of the AP, for the Board’s reference.

² Decision B.07/02, annex V, paragraph 14.

3.1.2. Review of accreditation applications

18. During the reporting period, the AP held numerous telephone calls with applicant entities during the Stage II (Step 1) accreditation review to gain better knowledge of each applicant and to clarify and discuss Stage II questions raised by the AP. In the case of two applicants, due to the confidential nature of information required for accreditation, the AP also conducted site visits to the applicants to facilitate the application review.

19. The AP continued to work on its in-depth assessment of applications for accreditation that have successfully completed Stage I, as conducted by the Secretariat. The AP completed the review of seven new applications and one upgrade application of an AE to recommend for accreditation at B.21. Further details are contained in document GCF/B.21/XX titled “Consideration of accreditation proposals” (under preparation).

3.1.3. Review of accreditation conditions for accredited entities

20. The AP has also reviewed evidence provided by AEs pertaining to conditions adopted by the Board at the time of their respective accreditation. Further information on accreditation conditions that the AP has found to be closed and fulfilled, and those that are in progress, are contained in annex IV of “Consideration of accreditation proposals” (document GCF/B.21/XX, under preparation).

3.1.4. Technical inputs to policies related to accreditation matters

21. In line with decision B.12/30, paragraph (d), the AP members, with the support of external technical experts and the administrative support of the Secretariat, continued to work towards establishing a baseline methodology on the overall portfolio of AEs. Further details are contained in the document of “Baseline on the overall portfolio of accredited entities” (document GCF/B.21/Inf.13).

3.1.5. Work related to the improvement of the accreditation process

22. The AP also advanced the following documents and tools related to improvement of the accreditation process, taking the lead role on some and providing inputs on others:

- (a) Consolidating the Stage I and Stage II Checklists for accreditation and developing accreditation guidance notes;
- (b) Defining the minimum requirements on meeting the accreditation standards within the fit-for-purpose approach: this may apply to direct access entities, private sector entities or entities that intend to undertake micro or small projects/programme activities and lower environmental and social risk projects/programmes; and
- (c) Reviewing, as needed, the annual self-assessments submitted by the AEs to monitor the compliance of the AEs with the Standards of GCF, as per the GCF monitoring and accountability framework for AEs (decision B.11/10).

3.2 Next steps

23. The accreditation process is ongoing, and AP members are continuing the review of accreditation applications that have completed Stage I, with the aim of providing recommendations on accreditation at subsequent meetings of the Board. AP members are also continuing to develop documents and tools related to the improvement of the accreditation process. In 2019, given that the first entities accredited to the GCF were accredited in 2015, the

AP expects that its work related to implementing the re-accreditation process and reviewing re-accreditation applications will begin.

24. As a factor of re-accreditation as per the GCF monitoring and accountability framework adopted in decision B.11/10, the AP expects to finalize its work to establish a baseline for the overall portfolio of AEs and develop guidance on its implementation.

25. AP members will continue to work on reviewing evidence provided by AEs pertaining to conditions adopted by the Board at the time of their respective accreditation, with the aim of providing recommendations on accreditation conditions at subsequent meetings of the Board.

26. Regarding implementation of the GCF monitoring and accountability framework, AP members, as needed, will continue reviewing self-assessment reports from AEs for the reporting period of calendar year 2017 after B.21. In addition, AP members, starting in late 2018, will conduct midterm accreditation reviews based on the reviews of AE self-assessment reports.

IV. Report on the activities of the Ethics and Audit Committee

4.1 Introduction

27. The current composition of the Ethics and Audit Committee (EAC) is: Mr. Ayman Shasly (Chair), Mr. Geoffrey Okamoto, Dr. Omar El-Arini, Ms. Paola Pettinari, Mr. Nauman Bhatti and Ms. Esther Gonzalez-Sanz.

28. The EAC, a standing committee of the Board, continues its task, in accordance with its TOR (decision B.05/13, annex XVIII), to provide guidance on issues of conflicts of interest, confidentiality, ethics, financial management, procurement and other audit functions as they relate to the Board.

29. This report covers the period of 1 July to 15 September 2018, and also indicates activities planned to be carried out by the EAC of the Board.

4.2 Activities during the reporting period

4.2.1. Organizational activities

30. Ms. Paola Pettinari replaced Ms. Ludovica Soderini as a member of the EAC on 1 August 2018.

31. Following B.20, the EAC held two virtual teleconferences on 8 August and 11 September 2018 to discuss and provide guidance to the Secretariat, the Independent Integrity Unit (IIU) and the Independent Redress Mechanism (IRM) on the key mandates given by the Board. During these meetings, the EAC discussed matters still outstanding from its previous meetings, reviewed policies to be considered by the Board at B.21 as well as other matters related to its mandate.

32. The following items were the main issues considered by the EAC during the reporting period:

- (a) Review of the draft work plan and budget of the IRM for 2019;
- (b) Review of the draft Policy on the Protection of Whistle-blowers and Witnesses;
- (c) Review of the draft Policy on Prohibited Practices;

- (d) Review of the draft Standards for the implementation of the Anti-Money Laundering and Countering the Financing of Terrorism Policy; and
 - (e) Potential conflicts of interest of persons covered under the Policy on Ethics and Conflicts of Interest for the Board.
33. The meetings were attended by EAC members, advisers, the staff and the Heads of the IRM and IIU, and the Secretariat.

4.3 Activities addressing mandates from the Board

4.3.1. Report of the Office of the Internal Auditor

34. The EAC received a report from the Office of the Internal Auditor (OIA), on the work it had performed in 2017 and the results thereof. The OIA also provided the EAC its workplan for 2018 – 2020, focusing on 2018. The EAC will discuss these documents at a future meeting.

4.3.2. Matters concerning the Independent Integrity Unit

35. Prior to the twentieth meeting of the Board (B.20), the EAC had considered the draft Policy on the Protection of Whistle-blowers and Witnesses and the Policy on Prohibited Practices, developed by the IIU, pursuant to decision B.14/01, paragraph (e) and its workplan. The EAC had reviewed and provided inputs to draft versions of the policies at its virtual meetings in addition to numerous bilateral exchanges with the Head of the IIU. The EAC had called on the Head of the IIU to conduct further consultations with the Secretariat on issues in both the draft policies that were still a matter of disagreement between them and to conduct consultation with the Staff Council and AEs on both policies. Following the consultations conducted by the IIU, the EAC endorsed the current versions of the draft Policy on the Protection of Whistle-blowers and Witnesses and the draft Policy on Prohibited Practices Policy, for presentation and consideration by the Board at B.21.

36. The EAC also considered and provided feedback on a draft document on the Standards for the implementation of the Anti-Money Laundering and Countering the Financing of Terrorism Policy (AML/CFT Standards) developed by the IIU, which is based on the requirement set under the Anti-Money Laundering and Countering the Financing of Terrorism³ Policy, and how they are to be put into practice.

4.3.3. Matters addressing conflicts of interest

37. At B.20, the EAC discussed the possible conflict of interest of a former Board member and reviewed the information provided by the Secretariat. The EAC will discuss this matter at a future meeting.

38. The Policy on Ethics and Conflicts of Interest for the Board of the GCF requires Covered Individuals to submit a list of their functions and roles outside the GCF and update the information provided on it wherever required to reflect amendments.⁴ The Covered Individual

³ Decision B.18/10, annex XIV.

⁴ Paragraph 19 of the Policy on Ethics and Conflicts of Interest for the Board of the Green Climate Fund states that “In order to avoid conflicts of interest and to strengthen the proper, transparent and independent governance of the Fund and its governing bodies, Covered Individuals shall submit to the Ethics and Audit Committee a list of their functions and roles outside the Fund that would have relevance or potential relevance to the business of the Fund and shall update such a list if and when required to reflect amendments. The Ethics and Audit Committee shall not make this list publicly available, unless it needs to disclose it to the full Board, the Executive Director and relevant government with regard to a specific case in the context of procedures when a conflict of interest arises”.

means a member or alternate member of the Board of the GCF and advisers. Since B.20 the Committee has overseen and continues to oversee the process of submission of declarations ensuring compliance with the Policy on Ethics and Conflicts of Interest for the Board. The EAC will consider any issues arising from the filing of the declaration forms.

39. The EAC is considering potential conflicts of interest relating to persons engaged with the GCF, as requested by the Board at its sixteenth meeting.⁵

40. The EAC also received a draft financial interest disclosure form and Declaration of Interest Statement, as required under the Policy on Ethics and Conflicts of Interest for the Executive Director of the Green Climate Fund Secretariat⁶ and for Board-appointed officials of the Green Climate Fund.⁷ The two policies require Covered Individuals to file annually until separation from GCF a financial interest disclosure in a form and manner to be proposed by the Chief Financial Officer and approved by the Ethics and Audit Committee.

41. Since it submitted its last report at B.20, the EAC has received requests for its opinion on several potential conflict of interest issues with respect to Covered Individuals under the Policy on Ethics and Conflicts of Interest for the Board of the GCF, which have been satisfactorily resolved.

4.3.4. Matters concerning the Independent Redress Mechanism

42. The EAC received the quarterly report on the activities of the IRM, which covered the period from January – March 2018 and from April – June 2018. The IRM consulted with the EAC, as mandated by the Board pursuant to decision B.15/12, reporting to the EAC on a quarterly basis. The reports provide updates on the progress made by the IRM based on its workplan and budget.

43. The Board, by decision B.13/24, requested the Head of the IRM to prepare, with the support of the Secretariat, for consideration by the Board, Procedures and Guidelines for the Independent Redress Mechanism (hereinafter “Procedures and Guidelines”). Prior to the nineteenth meeting of the Board (B.19), the EAC discussed and provided feedback to the Head of the IRM on a draft of the Procedures and Guidelines and agreed to a public consultation on the document. The EAC received a revised draft of the Procedures and Guidelines for its review, based on the feedback received from the public consultation process conducted by the IRM. In the period after B.21, the EAC plans to continue discussions on the draft of the Procedures and Guidelines with a view to present an approved text for the Board’s consideration at the twenty-second meeting of the Board (B.22).

44. In accordance with the TOR of the IRM, adopted pursuant to decision B.BM-2017/10, the Head of the IRM is mandated to submit its annual workplan and budget to the Board through the EAC. The EAC reviewed the workplan and budget of the IRM for 2019. Following discussions, the EAC approved the annual workplan and budget of the IRM for 2019 for submission to the Board at B.21.

4.4 Next steps

45. In the period after B.21, the EAC will continue to address the items still outstanding from the meetings during the reporting period and will update this report to the Board accordingly.

⁵ Document GCF/B.16/Inf.04/Add.02, paragraph 8.

⁶ Decision B.10/13, annex XXVII, paragraph (c).

⁷ Decision B.13/27, annex V, paragraph (a).

V. Report on activities of the Independent Technical Advisory Panel

5.1 Activities during the reporting period

46. The independent Technical Advisory Panel (TAP) continued to review funding proposals and conducted its assessments based on the initial investment framework and guidelines provided through various subsequent decisions. Since the previous reporting period, the independent TAP received 16 funding proposals in total for assessment. Among the 16 funding proposals, 12 are first-time submissions, including proposals under the simplified approval process and REDD-plus, while 4 are submissions that have been revised since B.20.

47. The independent TAP met at the GCF Headquarters from 2–7 August 2018 and finalized the assessments of 15 funding proposals, as one new submission was subsequently withdrawn by the Secretariat. Among the 15 funding proposals that the independent TAP assessed, it was recommended that 2 be deferred. As a result, the independent TAP endorsed 13 funding proposals for Board consideration.

48. In its assessment of the funding proposals, the independent TAP continued to engage with the AEs. This was done by sending written questions and receiving written responses as well as through a virtual call or face-to-face meeting to present the assessment of the independent TAP and discuss possible conditions and recommendations. The independent TAP also held one session with the Office of the General Counsel to discuss the conditions on the approval of the proposals suggested in the independent TAP assessments. The independent TAP held further bilateral discussion with the Office of Risk Management and Compliance to understand any relevant issues identified by the Office that can be addressed through the independent TAP project assessment efforts.

49. The independent TAP was unable to make use of the technical support of external experts as no expert was retained during the period when independent TAP assessments took place.

5.1.1. Matters where specific guidance from the Board is sought

50. The independent TAP continues to be concerned about the insufficient time available for its assessments. Funding proposals and Secretariat assessments for B.21 were presented to the independent TAP late, even during its meeting in Songdo. Some of the assessments were incomplete, and most of them were revised and resubmitted subsequently during the independent TAP meeting, if not afterwards.

51. The independent TAP welcomes the Board's guidance on its assessment process on a rolling basis, as laid out in the decision text in document GCF/B.21/04 titled "Revision of the structure and operations of the independent Technical Advisory Panel". However, it should be noted that the proposed assessment process on a rolling basis requires proper advanced planning and strict management to ensure funding proposals presented to the independent TAP are finalized. The independent TAP is happy to work with the Secretariat to prepare the new assessment process on a rolling basis.

52. The independent TAP also welcomes the Board's guidance on its proposed quality assurance mechanisms. The independent TAP believes that the quality of its assessments could be further enhanced by opening channels through which the Board and the independent TAP can exchange feedback on issues related to funding proposals and their assessments.

VI. Report on activities of the Investment Committee

53. Since B.20, the Investment Committee (IC) has progressed on several Board mandates, including:

- (a) Revision of the structure and operations of the independent Technical Advisory Panel (decision B.19/08 and previous decisions including B.10/09);
- (b) Investment criteria indicators (decision B.19/07 and previous decisions on indicative minimum benchmarks including decisions B.07/06 and B.09/05); and
- (c) Review of financial terms and conditions of GCF financial instruments (decision B.09/04 and subsequent decisions B.12/15, B.15/05 and B.17/08).

6.1 Activities during the reporting period

54. The Committee progressed on the following matters related to the independent TAP:

- (a) Extension of three Panel members with contracts expiring in August 2018. A decision taken between Board meetings to extend the contracts of the three members whose contracts were due to expire in August 2018 was presented to and approved by the Board on 1 August 2018; and
- (b) Revision of the structure and operations of the TAP. The Committee further discussed and refined the paper after B.20, including a decision to endorse the extension of the other three Panel members with contracts expiring in April next year. The Committee also discussed who should be responsible for conducting the review, deciding it should be the Independent Evaluation Unit in coordination with the IC. The paper will be presented to the Board for consideration at B.21.

55. The IC also continued its work on the investment criteria indicators. The Committee further discussed and refined the paper on this item during the reporting period and its proposal will be presented to the Board for consideration at B.21.

56. For the review of the financial terms and conditions, the Committee discussed revisions to the TOR for the next review. The Committee decided the revised TOR should go back to the Board for approval. The Committee also decided the TOR should be tabled during a Board meeting to give the Board the opportunity to discuss the revisions. To achieve this, the Committee decided to convert the information document from B.20 (document GCF/B.20/Inf.12) titled “Review of the Financial Terms and Conditions of the Green Climate Fund financial instruments” to a decision document, inserting the revised TOR and a short decision text. The revised paper will be presented to the Board for consideration at B.21.

57. Through the discussions on the TOR for next review, the Committee expressed the need to release the consultant’s full report from the first review of the financial terms and conditions to the Board.

VII. Report on activities of the Private Sector Advisory Group

58. This report covers the activities of the Private Sector Advisory Group (PSAG) from 16 May 2018 to 15 September 2018.

7.1 Activities during the reporting period

59. The number of PSAG experts decreased to nine following the termination of Mr. Aaron Leopold's membership in June 2018. This is due to Mr. Leopold's change of employer from a civil society organization to an industry association of social enterprises (in the private sector), which effectively resulted in him no longer representing his constituency in PSAG. The decision to cease Mr. Leopold's term was made by the PSAG Co-Chairs after seeking a legal opinion from the Office of Governance Affairs.

60. From 16–17 August, members of PSAG held a meeting in New York, in the United States of America. An active civil society organization observer participated in the meeting to ensure adequate civil society engagement. In addition, to complement the discussions on forestry, experts from Conservation International, the World Wildlife Fund, and The Nature Conservancy were also invited to give presentations.

61. During the meeting, PSAG heard three tailored presentations from external experts on jurisdictional approaches to zero deforestation, climate-smart forestry, and encouraging private sector investment in forestry, respectively. With takeaways from these sessions, and taking into account the GCF operations context, PSAG members considered approaches to mobilizing private finance to progress GCF forestry related result areas.

7.1.1. Mobilization of private sector finance to progress the GCF forestry-related result areas

62. In its discussions, PSAG reiterates the importance of simplifying and streamlining processes related to accreditation and no-objection letters as well as transparency around those processes to enable and accelerate private sector participation in GCF activities, including in forestry-related projects. Specifically, PSAG recommendations include GCF acting proactively in business development, using existing requests for proposal to support successful forestry-related cases, and supporting countries in the creation of an enabling environment, including the development of a regulatory and policy framework conducive to enhanced private sector operations in forestry-related activities.

63. PSAG is ready to present a paper on this item to the Board at B.21 or B.22.

7.1.2. 2018 PSAG workplan and beyond

64. Since the forestry paper was the last mandate PSAG received from the Board, members also expressed interest in waste handling, recycling, and resource management as possible areas for the next mandate. PSAG also stands ready to contribute any input that might be required in the context of the strategy discussions for the first replenishment of GCF.

65. In the remainder of 2018 and the run-up to B.22, PSAG plans to initiate a new call for experts as all current members' terms end on 31 December 2018. This is, however, contingent upon the results of the review of Board committees, panels and groups for the necessity of its continuation.

7.2 Matters where specific guidance from the Board is sought

66. The Board is expected to decide if a new PSAG term (2019-2020) can be prepared under the current TOR, or under any adjusted TOR as might be suggested by the GCF review of Board committees, panels and groups.

67. Depending on the timeline for the review and the time needed for the expert selection for the new PSAG term, the Board may consider a term extension of a few months for PSAG in its current composition to avoid a gap.

68. The Board is invited to indicate future work areas and formulate specific mandates for PSAG.

7.3 Next steps

69. PSAG will contribute feedback on an ad hoc basis, as the Secretariat prepares research in areas related to strategy, outreach, private sector engagement and other issues related to its mandate.

70. In accordance with the guidance received from the Board regarding the above paragraphs 9 and 10, the Secretariat will organize the call of PSAG members for the next term.

71. The Secretariat and PSAG Co-Chairs would like to thank all PSAG members and observers, particularly the private sector experts, for their highly valuable work for GCF, which they contributed on a voluntary basis.

VIII. Report on the activities of the Risk Management Committee

8.1 Introduction

72. 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 ratings methodologies, which should consider a differentiation of risks between adaptation and mitigation.

73. In decision B.13/36, the interim risk and investment guidelines were approved and would expire the earlier of (i) the sixteenth meeting of the Board or (ii) at the adoption of an updated set of risk policies and guidelines, as determined by decision B.12/34.

74. 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 (i) the eighteenth meeting of the Board, or (ii) the adoption of an updated set of risk policies and guidelines”. In accordance to the Work Plan of the Board 2017, adopted in decision B.BM-2017/02, the first set of components of the risk management framework (RMF) is to be considered at the seventeenth meeting of the Board, and additional components of the RMF are to be considered at the eighteenth meeting of the Board (B.18).

75. Through decision B.17/11, the Board adopted the first set of components of the RMF, which included the revised risk register, risk appetite statement, risk dashboard, and risk guidelines for funding proposals. The Board also requested the Secretariat to further develop the risk dashboard and the underlying methodologies for consideration by the Board at B.18. In addition, the Board requested the Secretariat to continue with the development of appropriate risk rating models with the support from an external professional service provider and in consultation with the RMC, and present the risk rating models for consideration by the Board at B.19.

76. At B.18, the Board took note of document GCF/B.18/05 titled “GCF risk management framework – Proposal by the Risk Management Committee”; however, no decision was taken under this item.

77. Through decision B.18/01, the Board approved the workplan of the Board for 2018 and decided to postpone the presentation of the risk rating methodologies for consideration by the Board to B.20.

78. The Board, through decision B.19/04, adopted the second set of components of the RMF, which included three risk policies governing investment, non-financial and funding risks, respectively. Through the same decision, the Board also decided to update the risk dashboard with the revised approach to reporting on concentration, and requested the Secretariat to publish the updated risk dashboard every quarter thereafter.

79. At B.20, the agenda item on “Risk management framework: compliance risk policy” was not opened by the Board and therefore no decision was taken under this item. At the same meeting, through decision B.20/03, the Board took note of the updated workplan of the Board for 2018 and decided to defer the consideration of the risk rating models, inter alia, and requested the Secretariat, in consultation with the Co-Chairs and relevant committees, panels and groups of the Board, to progress its work on the matter and present them for consideration by the Board at the earliest possible opportunity.

80. In decision B.12/31 (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 RMC, whether a change is considered substantive on a case-by-case basis, and would require Board approval.

8.2 Report on the activities of the Committee

81. In the reporting period from mid-May 2018 to mid-September 2018, the RMC held three formal meetings, one informal meeting and also conducted activities via email correspondence. The RMC discussed and provided guidance to the Secretariat on the mandates related to risk and compliance given by the Board, including: (i) development of the RMF, and its underlying policies, guidelines and tools; and (ii) AMA consultation.

82. During the Board discussion on the non-financial risk policy at B.19, a point was raised regarding the role of the IIU in managing reputation risk in relation to non-financial matters. The Secretariat was asked to follow up on this matter with the IIU in consultation with the RMC following the adoption of the policy. The IIU presented to the RMC a proposed text for inclusion in the non-financial risk policy to better acknowledge the role of the IIU in terms of mitigating reputational risks in line with the mandate of the IIU. In the assessment of the Secretariat, the proposed text from the IIU addresses the point raised during the Board discussion, but it is not a material or substantive change to the policy overall and, therefore, the addition of the language to the non-financial risk policy does not need to be approved by the Board.

83. The RMC agreed with the Secretariat’s assessment of proposed text from the IIU and approved the suggested paragraph for inclusion in the non-financial risk policy, as follows: “In light of the terms of reference of the IIU, information and reports referred to in paragraphs 22 (a) and 23, respectively, which identify risks of, or opportunities for, integrity violations, shall be shared with the IIU.”

84. This new paragraph will be inserted after paragraph 25 of the current version of the non-financial risk policy (as contained in document GCF/B.19/43, annex V) and the document issued and published on the website will be revised.

85. Subsequent to the adoption of the second set of components of the RMF through decision B.19/04, the RMC reviewed the compliance risk policy, which is an important element within the RMF, and decided to present it to the Board for its consideration at B.20. As the agenda item was not opened by the Board at B.20, the compliance risk policy was deferred to B.21.

86. The Secretariat presented further updates to the RMC on the development of the compliance framework and rating/scoring models, and consulted with the RMC on the second quarterly publication of the four-page summary of the risk dashboard for this year.

87. Furthermore, the Secretariat consulted with the RMC on the following AMAs during the reporting period:

- (a) AMA with the Food and Agriculture Organization of the United Nations (FAO);
- (b) AMA with the Sahara and Sahel Observatory (OSS);
- (c) AMA with the International Fund for Agricultural Development (IFAD);
- (d) AMA with the Infrastructure Development Company Limited (IDCOL);
- (e) AMA with the Fiji Development Bank (FDB);
- (f) AMA with the Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden N.V. (FMO); and
- (g) AMA with the Department of Environment of Antigua and Barbuda (DOE ATG).

88. Following the review of the AMAs, the RMC agreed with the Secretariat in its assessment that the changes made to the AMAs for FAO, OSS, IFAD, IDCOL, FDB and DOE ATG were not substantive and therefore did not require Board approval. The RMC also agreed with the Secretariat that some of the changes made to the FMO AMA may be deemed substantive and material deviations from the template AMA approved at the twelfth meeting of the Board. The RMC therefore recommended that the FMO AMA be submitted to the Board for its consideration and approval at B.21.

89. In discussions with the Secretariat on AMA related matters, the RMC requested to extend their review period of AMAs from 7 calendar days to 14 calendar days in order to manage the workload.

90. During this reporting period, Mr. Weifeng Yang was replaced as a member of the Board. As Mr. Yang was also a member of the RMC, the Committee expressed gratitude to Mr. Yang for his contributions to the Committee and to GCF.

8.3 Next steps

91. A formal RMC meeting has been scheduled following the end of this reporting period. The RMC may also decide to hold additional meetings in Manama, Bahrain during B.21.

Annex I: Modalities of Work of the Accreditation Panel

I. Content

1. The Modalities of Work of the Accreditation Panel (AP) is structured as follows:
 - (a) Section II provides terms and definitions used in this document;
 - (b) Section III discusses core principles that guide the work of the AP; and
 - (c) Section V describes the organization and management of the AP, including reporting lines, checks and balances and the composition of the AP, as well as other governance-related issues.
2. This Modalities of Work may be updated, refined or revised, not only as the accreditation review process evolves, but as the AP gains more experience, subject to the Board's endorsement. The aim is to ensure that the current and future AP members and support systems are working to the same guidelines. At the very least, the Modalities of Work should be revisited every two years.
3. This Modalities of Work applies to AP members and external experts supporting the AP.

II. Definitions

4. For the purposes of this Code of Conduct:
 - (a) "AP" means Accreditation Panel of the GCF;
 - (b) "The Chair" and "Vice Chair" mean Chair and Vice Chair of the AP, respectively, appointed by AP members for the period of one year;
 - (c) "AP members" means senior international experts, appointed to the AP by the Board. The Chair and Vice-Chair of the AP are also AP members;
 - (d) "External experts" means consultants providing technical support to the AP to review accreditation applications and undertaking other duties as requested by the Chair, in line with the terms of reference of the AP.

III. Core principles

3.1 Independence and avoidance of bias

5. The role and mandate of the AP is as per paragraph 1 of Annex V to decision B.07/02.
6. The Policy on Ethics and Conflicts of Interest for External Members of the GCF Panels and Groups, adopted by the Board in decision B.10/13 and set out in Annex XXVI to the decision, regulates the standards of conduct of AP members. Section III "Basic standard of conduct" and Section IV "Non-compliance with the Policy" address issues regarding independence and conflicts of interest.
7. Notwithstanding the above, to undertake its role and mandate each AP member should be free from influence from individuals and/or organizations outside of the AP, maintain his/her impartiality and objectivity in reviewing documentation related to the applicant entity, and strive to perform the review with a high degree of professionalism and without prejudice against or in favour of any of the applicant entities. Each member of the AP also shall exercise fairness and professional judgement in drawing conclusions, and formulating recommendations

and conditions for each applicant, referencing key Board decisions on accreditation, and guided by the overall strategies and objectives of the GCF.

8. At all times, the AP should ensure a dynamic process that is reliable, credible and flexible, with modalities that pursue rigorous, independent, objective and systematic assessment while giving due attention to special circumstances of applicant entities.
9. The AP shall also exercise its independence, objectivity and impartiality when it is requested by the Board to provide input on matters related to accreditation.

3.2 Accountability

10. The AP reports and is accountable to the Board.⁸ At each Board meeting, the AP reports on its activities verbally and in writing. It also submits the results of each completed Stage II (Step 1) accreditation assessment and recommendation on accreditation for the Board's consideration.
11. Each AP member is contracted to the GCF, and day to day oversight of the contractual arrangements is provided by the Secretariat, notably through the Division of Country Programming. The Secretariat shall provide the support system necessary to facilitate the work of the AP. The AP members report on administrative issues to the Secretariat, including time accounting, travel arrangements, and so on. The budget for the AP falls under and is prepared and managed by the budget line of the Board Committees, Panels and Groups.

IV. Organization and Management

4.1 Size and Composition of the Panel

12. The AP is comprised of six members determined by the Board. The composition of the AP ensures a balanced representation between developing and developed countries and appropriate range of expertise.⁹ The members are required to have expertise as defined in paragraphs 8 and 9 of its terms of reference.
13. The AP is supported by a pool of external technical experts,¹⁰ especially in performing the review of accreditation applications. The technical experts shall receive assignments from the AP, via its Chair, and will work closely with an AP member assigned as the lead reviewer. The Secretariat oversees and manages recruitment of external technical experts and provides them with administrative support.

4.2 Management and Reporting Lines

14. The AP is managed on a day-to-day basis by the Chair who is appointed by consensus for a period of one year, with a term that can be renewed. The AP Chair's maximum term is two years and should only exceptionally and for no more than a short transition period be extended before this period of time.
15. A Vice Chair is also appointed by AP members, and shall take the place of the Chair in the case that he/she is absent from or unable to participate in meetings of the AP and supports the Chair with other duties.

⁸ Annex V to decision B.07/02.

⁹ Ibid.

¹⁰ Ibid.

16. On administrative matters, the Chair is guided by the Director of the Division of Country Programming of the Secretariat or his or her delegates. The AP members, including its Chair, report to the Board. The Chair presents a report on the activities of the AP at each Board meeting, with support of other AP members when called upon by the Chair.
17. The AP members report to the Chair, acting as *primus inter pares*, on the progress and status of each accreditation application review, as well as on other tasks assigned by the Chair. The Chair appoints a Review Team for each application for accreditation, consisting of at least one AP, as Team Leader, and other members as Support Reviewer(s). The size of a Review Team is generally two people, but can be more including external experts for applications where this warranted, at the discretion of the AP.
18. The Chair, as well as the AP as a whole, is supported by a full-time assistant located in the Secretariat. The Secretariat may assign other officers to assist and facilitate the work of the AP, as needed.

4.3 Checks and Balances

19. The Review Teams and Team Leaders are selected to ensure a balanced work load among the AP members as well as an appropriate balance of experience and expertise in each Review Team, consisting of at least one fiduciary expert and one environmental/social expert from among the AP members or the external technical expert pool. Additional support¹¹ may be requested by the Team Leader, and can be provided in various ways, e.g. via consultants.
20. The AP's recommendations for accreditation are produced through a collective, consensual decision-making process among the AP members, based on the findings of each review. The Chair aims to ensure the timely production of recommendations on accreditation for consideration by the Board, as well as a uniform quality to this work and consistency among the recommendations, supported by the Secretariat. The decision regarding the assessment conclusions for a particular applicant shall be taken by the AP Review Team and the Chair.
21. The Chair may conduct the appropriate level of reviews of accreditation applications by him/herself, during the application review process. However, he/she also performs particular functions that distinguish his/her role from that of the other AP members, namely:
 - (a) To designate the Review Teams and Team Leaders;
 - (b) To monitor the progress of the reviews, particularly on timeliness;
 - (c) To provide strategic advice with regard to reviews of application, when needed by AP members;
 - (d) To conduct quality control of the recommendations for accreditation that make up the Consideration of Accreditation Proposals document for Board consideration, with support from the Secretariat;
 - (e) To ensure consistency with regard to applying the fit-for-purpose approach and when assigning conditions to accreditation recommendations;
 - (f) To coordinate the work of the AP on transversal issues related to accreditation; and
 - (g) To generally coordinate the work of the AP in a fair and transparent manner and serve as a spokesperson on behalf of the AP when required in discussions with third parties, including the Board, its Accreditation Committee and the Secretariat. In performing this

¹¹ With specialized fiduciary expertise, language (translation) capabilities, and so on.



role, the Chair may develop tools and request regular updates from the AP members, as well as request revisions to the draft papers.
