



**GREEN
CLIMATE
FUND**

Meeting of the Board
6 – 8 July 2019
Songdo, Incheon, Republic of Korea
Provisional agenda item 2

GCF/B.23/23

23 July 2019

Decisions of the Board – twenty- third meeting of the Board, 6 – 8 July 2019

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Agenda item 1: Opening of the meeting

1. The Co-Chairs opened the meeting on Saturday, 6 July 2019 at 9:21 a.m.

Agenda item 2: Adoption of the agenda and organization of work

2. The Board adopted the agenda as set forth below:
 1. Opening of the meeting
 2. Adoption of the agenda and organization of work
 3. Adoption of the report of the twenty-second meeting of the Board
 4. Board decisions proposed between the twenty-second and twenty-third meetings of the Board
 5. Report on the activities of the Secretariat
 6. Reports from Board committees, panels and groups
 7. Reports from the independent units
 8. Report on the activities of the Co-Chairs
 - (a) Co-Chairs' report, including the updated workplan of the Board for 2019
 - (b) Co-Chairs consultations: decision-making in the event that all efforts at reaching consensus have been exhausted
 - (c) Co-Chairs consultations: guidelines on decisions without a Board meeting
 9. Eighth GCF report to the Conference of the Parties to the United Nations Framework Convention on Climate Change
 10. Performance evaluation of the Heads of the Independent Units
 11. Performance review of the GCF
 12. Matters related to the first formal replenishment of the GCF
 - (a) Report from the replenishment process
 - (b) Period of the first replenishment
 - (c) Update to the policies for contributions, standard provisions and template contributions agreement for the first replenishment period of the GCF
 - (d) Strategic programming document outlining scenarios for the GCF replenishment
 13. Policy on ethics and conflicts of interest for active observers
 14. Updated Gender Policy and Action Plan
 15. Updated accreditation framework
 16. Review of the initial investment framework
 - (a) Matters related to developing incremental and full cost methodology and policies on co-financing and concessionality

- (b) Policy guidelines on programmatic approach
- (c) Mapping of elements related to project and programme eligibility and selection criteria
- 17. Matters related to GCF support to adaptation
- 18. Review of the initial modalities for the Private Sector Facility
- 19. Status of GCF resources and portfolio performance
- 20. Consideration of funding proposals
- 21. Consideration of accreditation proposals
- 22. Risk management framework
 - (a) Compliance risk policy
- 23. Integrity policies
 - (a) Standards for the implementation of the Anti-Money Laundering and Countering the Financing of Terrorism Policy
 - (b) Updated Policy on the Protection from Sexual Exploitation, Sexual Abuse and Sexual Harassment
 - (c) Cost implications of the implementation of the interim Policy on the Protection from Sexual Exploitation, Sexual Abuse and Sexual Harassment
- 24. Dates and venues of upcoming meetings of the Board
- 25. Other matters
- 26. Report of the meeting
- 27. Close of the meeting

Agenda item 3: Adoption of the report of the twenty-second meeting of the Board

- 3. The Co-Chairs drew the attention of the Board to the report of the twenty-second meeting of the Board as circulated to the Board in document GCF/B.22/25 titled “Report of the twenty-second meeting of the Board, 25 – 28 February 2019”.
- 4. The Board took note of the report of the twenty-second meeting of the Board.

Agenda item 4: Board decisions proposed between the twenty-second and twenty-third meetings of the Board

- 5. The Board took note of document GCF/B.23/Inf.06/Rev.01 titled “Board decisions proposed between the twenty-second and twenty-third meetings of the Board”.
- 6. No decision was taken under this item.

Agenda item 5: Report on the activities of the Secretariat

7. The Board took note of document GCF/B.23/Inf.01 titled “Report on the activities of the Secretariat” and its limited distribution addendum Add.01 titled “Status of accreditation master agreements and funded activity agreements”, document GCF/B.23/Inf.07 titled “Report on the execution of the 2019 administrative budget of the GCF” and document GCF/B.23/07 titled “Audited financial statements of the Green Climate Fund for the year ended 31 December 2018”.
8. The Board adopted the following decision:

DECISION B.23/01

The Board, having considered document GCF/B.23/07 titled “Audited financial statements of the Green Climate Fund for the year ended 31 December 2018”:

Approves the audited financial statements of the Green Climate Fund for the year ended 31 December 2018 as contained in annex I.

Agenda item 6: Reports from Board committees, panels and groups

9. The Board took note of document GCF/B.23/Inf.08 and its addendum Add.01 titled “Reports from committees, panels and group of the Board of the Green Climate Fund”.
10. No decision was taken under this agenda item.

Agenda item 7: Reports from the independent units

11. The Board took note of document GCF/B.23/Inf.02 titled “Report on the activities of the Information Appeals Panel”, document GCF/B.23/Inf.03 titled “Report on the activities of the Independent Redress Mechanism”, document GCF/B.22/Inf.04 titled “Report on the activities of the Independent Evaluation Unit” and document GCF/B.23/Inf.11 titled “Report on the activities of the Independent Integrity Unit”.
12. No decision was taken under this agenda item.

Agenda item 8: Report on the activities of the Co-Chairs

(a) Co-Chairs’ report, including the updated workplan of the Board for 2019

13. The Board took note of document GCF/B.23/21 titled “Report on the activities of the Co-Chairs” and its addenda Add.01/Rev.01 “Updated workplan of the Board for 2019” and Add.02 “Approach to developing the environmental and social safeguards of GCF”.
14. The Board adopted the following decision:

DECISION B.23/02

The Board, having considered document GCF/B.23/21/Add.01/Rev.01 titled “Report on the activities of the Co-Chairs – Addendum I: Updated workplan of the Board for 2019” and document GCF/B.23/21/Add.02 titled “Report on the activities of the Co-Chairs – Addendum II: Approach to developing the environmental and social safeguards of GCF”:

- (a) *Takes note* of the updated Board workplan for 2019, as set out in annex II;
- (b) *Decides* to defer consideration of the Evaluation Policy of the GCF to its twenty-fourth meeting;
- (c) *Also decides* to defer consideration of the following matters and *requests* the Secretariat, in consultation with the Co-Chairs and the relevant committees, panels and groups of the Board, to progress its work on these matters and present these for consideration by the Board at its twenty-fifth meeting:
 - (i) *Initial analysis of options to minimize the effects of currency fluctuations on the commitment authority of GCF requested pursuant to decision B.21/14, paragraph (j); and*
 - (ii) *Review of the effectiveness of the committees, panels and group established by the Board requested pursuant to decision B.20/04, paragraph (b);*
- (d) *Further decides* to delegate the following matter to the Secretariat with the proviso to bring any recommendations requiring Board attention back to the Board:
 - (i) *Reviewed administrative guidelines on procurement requested pursuant to decision B.08/21, decision B.12/39, paragraph (a), and decision B.17/01, paragraph (c);*
- (e) *Requests* the Secretariat to conduct further consultations with active observers and accredited observer organizations in relation to the comprehensive review of the participation of observers in the activities of the Board, with a view to identifying existing gaps and needed improvements, and to presenting a report with recommendations on the outcomes of the review for consideration by the Board when the matter is considered;
- (f) *Takes note* of the proposed approach and options for developing the GCF environmental and social safeguards contained in the annex to document GCF/B.23/21/Add.02;
- (g) *Requests* the Secretariat to proceed with the development of the GCF environmental and social safeguards, based on the approach presented in the annex to document GCF/B.23/21/Add.02, section 4.1, titled “GCF interim environmental and social safeguards with revisions and enhancements”;
- (h) *Approves* a budget of USD 399, 200 for the development of the GCF environmental and social safeguards. This amount will be added to the Secretariat’s administrative budget; and
- (i) *Further requests* the Secretariat to present the GCF environmental and social safeguards for the Board’s consideration at its second meeting in 2021.

(b) Co-Chairs consultations: decision-making in the event that all efforts at reaching consensus have been exhausted

15. The Board took note of document document GCF/B.23/09 titled “Co-Chairs consultations: decision-making in the event that all efforts at reaching consensus have been exhausted”.
16. The Board adopted the following decision:

DECISION B.23/03

The Board, having considered document GCF/B.23/09 titled “Co-Chairs consultations: decision-making in the event that all efforts at reaching consensus have been exhausted”:

- (a) Adopts the procedures for adopting decisions in the event that all efforts at reaching consensus have been exhausted as set out in annex III;*
- (b) Confirms that the procedures for adopting decisions in the event that all efforts at reaching consensus have been exhausted shall only be used as a last resort;*
- (c) Requests the Co-Chairs to continue to enhance the effectiveness of pre-Board meeting consultations in an open, inclusive, consultative and transparent matter; and*
- (d) Also requests the Co-Chairs to consult and present to the Board for its consideration, not later than the twenty-fourth meeting of the Board, a proposal regarding the next steps in the event that during the application of the procedure referred to in section VI of annex III, any Board member expresses the view that they are unable to join consensus regarding the outcome of such procedure.*

(c) Co-Chairs consultations: guidelines on decisions without a Board meeting

- 17. The Board took note of document GCF/B.23/16 titled “Outcome of Co-Chairs consultations: guidelines on decisions without a Board meeting”.
- 18. No decision was taken under this agenda item.

Agenda item 9: Eighth GCF report to the Conference of the Parties to the United Nations Framework Convention on Climate Change

- 19. The Board took note of document GCF/B.23/10 titled “Eighth Report of the Green Climate Fund to the Conference of the Parties to the United Nations Framework Convention on Climate Change”.
- 20. The Board adopted the following decision:

DECISION B.23/04

The Board, having considered document GCF/B.23/10 titled “Eighth Report of the Green Climate Fund to the Conference of the Parties to the United Nations Framework Convention on Climate Change”:

Requests the Co-Chairs, assisted by the Secretariat, to finalize the “Eighth Report of the Green Climate Fund to the Conference of the Parties to the United Nations Framework Convention on Climate Change”, presented in annex II to document GCF/B.23/10, taking into consideration the comments made and decisions taken at the twenty-third meeting of the Board, and submit the revised report to the United Nations Framework Convention on Climate Change secretariat no later than 12 weeks prior to the twenty-fifth session of the Conference of the Parties, in accordance with decision 7/CP.20, paragraph 23.

Agenda item 10: Performance evaluation of the Heads of the Independent Units

21. The Board adopted the following decision:

DECISION B.23/05

The Board, having considered the document titled “Report of the Performance Oversight Committee of the Heads of Independent Units to the Board”:

- (a) Takes note of the report of the Performance Oversight Committee as contained in annex IV;*
- (b) Decides, based on the recommendations by the Performance Oversight Committee, to convey its intention to offer reappointment to the Heads of the following Independent Units:
 - (i) Independent Integrity Unit;*
 - (ii) Independent Evaluation Unit; and*
 - (iii) Independent Redress Mechanism Unit;**
- (c) Requests the Co-Chairs to conduct the necessary work to make sure that all Heads of Independent Units will be in post, including negotiating the terms of the contract for the reappointed Heads of Independent Units, in accordance with the approved detailed terms of reference for Heads of Independent Units (annex VI to document GCF/B.22/21), in prior consultation with the Budget Committee, and signing, on behalf of the GCF, the new employment contract between the said Heads of Independent Units and the GCF;*
- (d) Also requests the Performance Oversight Committee to consider, in close consultation with the GCF Secretariat and the Budget Committee, a policy related to the performance-based increment increases in payment for the Heads of Independent Units and submit it to the Board for its consideration;*
- (e) Further requests the Performance Oversight Committee to consider the development of the annual performance evaluation of the three Heads of Unit and the Executive Director, in line with the relevant decisions and guidelines including annex X to the approved decision B.17/12 titled “Performance criteria and measurement procedures of the Executive Director of the Green Climate Fund Secretariat”, and to submit the same to the Board for its consideration; and*
- (f) Decides that the Performance Oversight Committee will engage an independent external human resources firm for the purpose of the following tasks, in consultation with the Budget Committee, following a procurement process in accordance with the Administrative Guidelines on Procurement and supported by the Secretariat:
 - (i) Assisting the Co-Chairs in negotiating and concluding the terms of contract with the reappointed Heads of Independent Units;*
 - (ii) Assisting the Performance Oversight Committee in developing and carrying out the annual regular performance evaluation of the Heads of Independent Units and the Executive Director; and*
 - (iii) Assisting the Performance Oversight Committee in developing the policy related to the introduction of performance-based pay increase as referred to in paragraph 4 above, if need arises.**

Agenda item 11: Performance review of the GCF

22. The Board took note of document GCF/B.23/20 titled “Forward-Looking Performance Review of the GCF”.
23. The Board adopted the following decision:

DECISION B.23/06

The Board, having considered document GCF/B.23/20 titled “Forward-Looking Performance Review of the GCF”:

- (a) *Takes note of the first review of the performance of the GCF by the Independent Evaluation Unit as requested in decision B.21/17;*
- (b) *Also takes note of the findings and recommendations presented in the final report of the Forward-Looking Performance Review of the GCF;*
- (c) *Requests the Secretariat to provide a management response to the Forward-Looking Performance Review of the GCF to the Board at its twenty-fourth meeting; and*
- (d) *Decides to continue its consideration of this matter at the twenty-fourth meeting of the Board.*

Agenda item 12: Matters related to the first formal replenishment of the GCF

(a) Report from the replenishment process

24. No decision was taken under this agenda item.

(b) Period of the first replenishment

25. The Board took note of document GCF/B.23/03 titled “Period of the first replenishment of the GCF”.

26. The Board adopted the following decision:

DECISION B.23/07

The Board, having considered document GCF/B.23/03 titled “Period of the first replenishment of the GCF”:

- (a) *Decides that the first replenishment of the GCF would secure financing for a four-year programming period from 1 January 2020 to 31 December 2023; and*
- (b) *Requests the Secretariat to incorporate the four-year replenishment period in the update to the policies for contributions for the first replenishment of the GCF.*

(c) Update to the policies for contributions, standard provisions and template contributions agreement for the first replenishment period of the GCF

27. This agenda item was not opened.

(d) Strategic programming document outlining scenarios for the GCF replenishment

28. The Board took note of document GCF/B.23/Inf.09 titled “Strategic Programming for the Green Climate Fund First Replenishment”.
29. No decision was taken under this agenda item.

Agenda item 13: Policy on ethics and conflicts of interest for active observers

30. The Board took note of document GCF/B.23/11 titled “Policy on ethics and conflicts of interest for active observers of the Green Climate Fund”.
31. The Board adopted the following decision:

DECISION B.23/08

The Board, having considered document GCF/B.23/11 titled “Policy on ethics and conflicts of interest for active observers of the Green Climate Fund”:

- (a) *Adopts the Policy on Ethics and Conflicts of Interest for Active Observers of the Green Climate Fund as set out in annex V to this document;*
- (b) *Also decides to amend section III, paragraph 6 of the Policy on Prohibited Practices, adopted by the Board pursuant to decision B.22/19, paragraph (a), to include the definition of “Active Observers” as follows:*
- “Active Observers” has the meaning given to that term in the Rules of Procedure of the Board;*
- (c) *Further decides to amend the definition of “Covered Individual” in section III, paragraph 6(f) of the Policy on Prohibited Practices, adopted by the Board pursuant to decision B.22/19, paragraph (a), and replace it with the following:*
- “Covered Individual” means GCF Personnel, Co-Chairs of the Board, Board and Alternate Members, their Advisers, Board-Appointed Officials, External Members and Active Observers; and*
- (d) *Requests the Secretariat to publish a consolidated version of the Policy on Prohibited Practices taking into account the amendments referred to in paragraphs (b) and (c) above.*

Agenda item 14: Updated Gender Policy and Action Plan

32. The Board adopted the following decision:

DECISION B.23/09

The Board:

- (a) *Takes note of the oral report made by the two Board members entrusted by the Co-Chairs with facilitating the discussions on the updated Gender Policy;*
- (b) *Welcomes the progress made in the consultations on the document;*

- (c) *Requests the Secretariat to present an assessment of implementation considerations, including direct costs and benefits associated with the implementation of the Gender Policy, as well as an assessment of the capacity within the Secretariat, direct access entities and other accredited entities, and national designated authorities/focal points to implement such Policy; and*
- (d) *Also requests the Secretariat to present for consideration of the Board at its twenty-fourth meeting a revised updated Gender Policy and an updated Gender Action Plan, building on the progress made in the consultations on the draft document so far and the assessment of the Secretariat on the implementation considerations, with a view to circulate it to Board members and alternate members with sufficient time for consultations to occur between Board members and alternate members prior to its finalization and publication in accordance with paragraph 21 of the Rules of Procedure of the Board.*

Agenda item 15: Updated accreditation framework

33. The Board took note of document GCF/B.23/05 titled “Updated accreditation framework”.
34. The Board adopted the following decision:

DECISION B.23/11

The Board, having considered document GCF/B.23/05 titled “Updated accreditation framework”:

- (a) *Decides that the accreditation process as defined in annex I to decision B.07/02 is considered complete upon the effectiveness of the accreditation master agreement in Stage III of the accreditation process, and that such date of effectiveness shall serve as the start of the accreditation term for all entities accredited to GCF, including those accredited prior to the date of this decision;*
- (b) *Recalling decision B.14/08, paragraph (d)(i), decision B.18/04, paragraph (c), decision B.19/13, paragraph (c), and decision B.21/16, paragraph (e), decides that future accreditation decisions by the Board should aim to bring forward accredited entities that fulfil the mandate on balance, diversity and coverage and advance the objectives of GCF, and to that end decides to prioritize up to the end of the twenty-fourth meeting of the Board the following, not listed in order of priority:*
- (i) *National direct access entities nominated for accreditation by national designated authorities or focal points of countries that do not have a national accredited direct access entity;*
 - (ii) *Private sector entities, in particular those in developing countries, seeking a balance of diversity of entities in line with decision B.09/07, paragraph (g), and decision B.10/06, paragraph (h);*
 - (iii) *Entities responding to requests for proposals issued by GCF, for example, including a pilot phase for enhancing direct access; a pilot programme to support micro, small, and medium-sized enterprises; and a pilot programme to mobilize resources at scale in order to address adaptation and mitigation;*
 - (iv) *Accredited entities seeking fulfilment of their conditions for accreditation; and*
 - (v) *Accredited entities requesting upgrades in their accreditation scope;*

- (c) *Agrees the principle of the project-specific assessment approach, as contained in section VII in annex II to document GCF/B.23/05, that combines assessments undertaken during the existing accreditation and proposal approval processes in a fit-for-purpose manner; and*
- (d) *Decides to defer its consideration of the updated accreditation framework and the implementation arrangements and budget for the project-specific assessment approach until the twenty-fourth meeting of the Board.*

Agenda item 16: Review of the initial investment framework

(a) Matters related to developing incremental and full cost methodology and policies on co-financing and concessionality

35. This agenda item was not opened.

(b) Policy guidelines on programmatic approach

36. This agenda item was not opened.

(c) Mapping of elements related to project and programme eligibility and selection criteria

37. This agenda item was not opened.

Agenda item 17: Matters related to GCF support to adaptation

38. This agenda item was not opened.

Agenda item 18: Review of the initial modalities for the Private Sector Facility

39. The Board took note of document GCF/B.23/12 titled “Review of the initial modalities for the Private Sector Facility” and its addenda Add.01 titled “Consideration of the private sector strategy”, Add.02 titled “Consideration of modalities to support activities to enable domestic and international private sector actors to engage in GCF activities in least developed countries and small island developing States”, Add.03 titled “Review of the mobilizing funds at scale pilot”, Add.04 titled “Review of the micro, small and medium-sized enterprise pilot programme”, Add.05 titled “PSAG recommendations on mobilization of private sector finance to progress the GCF forestry-related results areas” and Add.06 titled “Technical notes”.

40. No decision was taken under this agenda item.

Agenda item 19: Status of GCF resources and portfolio performance

41. The Board took note of document GCF/B.23/Inf.05 titled “Status of the GCF pipeline, including the status of Project Preparation Facility requests” and its two limited distribution addenda Add.01 titled “List of funding proposals” and Add.02 titled “List of concept notes”; document GCF/B.23/Inf.10 titled “Status of the initial resource mobilization process”; and

document GCF/B.23/Inf.12 titled “Status of the GCF portfolio: approved projects and fulfilment of conditions”.

42. No decision was taken under this agenda item.

Agenda item 20: Consideration of funding proposals

43. The Board took note of document GCF/B.23/02 and its addenda Add.01–Add.09 and Add.12 (general distribution); Add.10 and Add.11 (confidential distribution) and Add.13 and Add.14 (limited distribution) titled “Consideration of funding proposals”. It also took note of document GCF/B.23/13 and its Add.01 titled “Consideration of restructuring paper for FP015 ‘Tuvalu Coastal Adaptation Project (TCAP)’ – RP1”.

44. The Board adopted the following decision:

DECISION B.23/10

The Board, having considered document GCF/B.23/02 titled “Consideration of funding proposals”:

(a) Takes note of the following funding proposals:

- (i) Funding proposal 107 titled “Supporting Climate Resilience and Transformational Change in the Agriculture Sector in Bhutan”, by the United Nations Development Programme, as contained in document GCF/B.23/02/Add.01 and Add.14;*
- (ii) Funding proposal 108 titled “Transforming the Indus Basin with Climate Resilient Agriculture and Water Management”, by the Food and Agriculture Organization of the United Nations, as contained in document GCF/B.23/02/Add.02 and Add.14;*
- (iii) Funding proposal 109 titled “Safeguarding rural communities and their physical and economic assets from climate induced disasters in Timor-Leste”, by the United Nations Development Programme, as contained in document GCF/B.23/02/Add.03 and Add.14;*
- (iv) Funding proposal 110 titled “Ecuador REDD-plus RBP for results period 2014”, by the United Nations Development Programme, as contained in document GCF/B.23/02/Add.04 and Add.14;*
- (v) Funding proposal 111 titled “Promoting climate-resilient forest restoration and silviculture for the sustainability of water-related ecosystem services”, by the Inter-American Development Bank, as contained in document GCF/B.23/02/Add.05 and Add.14;*
- (vi) Funding proposal 112 titled “Addressing Climate Vulnerability in the Water Sector (ACWA) in the Marshall Islands”, by the United Nations Development Programme, as contained in document GCF/B.23/02/Add.06 and Add.14;*
- (vii) Funding proposal 113 titled “TWENDE: Towards Ending Drought Emergencies: Ecosystem Based Adaptation in Kenya’s Arid and Semi-Arid Rangelands”, by the International Union for Conservation of Nature, as contained in document GCF/B.23/02/Add.07 and Add.14;*
- (viii) Funding proposal 114 titled “Program on Affirmative Finance Action for Women in Africa (AFAWA): Financing Climate Resilient Agricultural Practices in Ghana”, by the African Development Bank, as contained in document GCF/B.23/02/Add.10;*

- (ix) *Funding proposal 115 titled “Espejo de Tarapacá”, by MUFG Bank, Ltd., as contained in document GCF/B.23/02/Add.11; and*
- (x) *Simplified approval process (SAP) funding proposal 007 titled “Integrated Climate Risk Management for Food Security and Livelihoods in Zimbabwe focusing on Masvingo and Rushinga Districts”, by the World Food Programme, as contained in document GCF/B.23/02/Add.12 and Add.14;*
- (b) *Approves funding proposal 107 for the amount of USD 25,347,194, submitted by the United Nations Development Programme, subject to the conditions set out in annex XI and in the respective term sheet set out in document GCF/B.23/02/Add.14;*
- (c) *Also approves funding proposal 108 for the amount of USD 34,990,832, submitted by the Food and Agriculture Organization of the United Nations, subject to the conditions set out in annex XI and in the respective term sheet set out in document GCF/B.23/02/Add.14;*
- (d) *Further approves funding proposal 109 for the amount of USD 22,356,805, submitted by the United Nations Development Programme, subject to the conditions set out in annex XI and in the respective term sheet set out in document GCF/B.23/02/Add.14;*
- (e) *Approves funding proposal 110 for the amount of USD 18,571,766, submitted by the United Nations Development Programme, subject to the conditions set out annex XI and in the respective term sheet set out in document GCF/B.23/02/Add.14;*
- (f) *Also approves funding proposal 111 for the amount of USD 35,000,000, submitted by the Inter-American Development Bank, subject to the conditions set out in annex XI and in the respective term sheet set out in document GCF/B.23/02/Add.14;*
- (g) *Further approves funding proposal 112 for the amount of USD 18,631,216, submitted by the United Nations Development Programme, subject to the conditions set out in annex XI and in the respective term sheet set out in document GCF/B.23/02/Add.14;*
- (h) *Approves funding proposal 113 for the amount of USD 23,152,082, submitted by the International Union for Conservation of Nature, subject to the conditions set out in annex XI and in the respective term sheet set out in document GCF/B.23/02/Add.14;*
- (i) *Also approves funding proposal 114 for the amount of USD 20,000,000, submitted by the African Development Bank, subject to the conditions set out in annex XI and in the respective term sheet set out in document GCF/B.23/02/Add.10; and*
- (i) *Recognizes that there is an opportunity to explore further options to improve the financial structure regarding increasing the grant portion of the GCF funding, to the benefit of the most vulnerable women; and encourages the accredited entity, in consultation with the national designated authority, to consider using the Policy on Restructuring and Cancellation to amend funding proposal 114 accordingly;*
- (j) *Further approves funding proposal 115 for the amount of USD 60,000,000, submitted by MUFG Bank, Ltd., subject to the conditions set out in annex XI and in the respective term sheet set out in document GCF/B.23/02/Add.11;*
- (k) *Approves simplified approval process (SAP) funding proposal 007 for the amount of USD 8,858,316, submitted by the World Food Programme, subject to the conditions set out in annex XI and in the respective term sheet set out in document GCF/B.23/02/Add.14;*
- (l) *Reaffirms that, pursuant to annex IV to decision B.17/09, the Executive Director or his designee is authorized to negotiate and enter into legal agreements on behalf of the GCF with accredited entities and other parties involved in respect of funding proposals approved by the Board, taking into account any condition approved by the Board in this decision and in the decision accrediting the relevant accredited entity; and*

- (m) *Authorizes* the Secretariat to disburse fees for each funded project/programme approved by the Board as per the disbursement schedule to be agreed in the funded activity agreement in accordance with the policy on fees and the general principles and indicative list of eligible costs covered under GCF fees and project management costs adopted by the Board pursuant to decision B.19/09.

45. The Board also adopted the following decision:

DECISION B.23/12

The Board, having considered document GCF/B.23/13 titled “Consideration of restructuring paper for FP015 ‘Tuvalu Coastal Adaptation Project (TCAP)’ – RP1” and its addendum Add.01 titled “Consideration of restructuring paper – Addendum I”:

- (a) *Takes note* of the restructuring paper for FP015 titled “Tuvalu Coastal Adaptation Project (TCAP)”, by the United Nations Development Programme, as contained in document GCF/B.23/13/Add.01;
- (b) *Approves* the major change to FP015 described in the restructuring paper for FP015, subject to the conditions set out in annex VI to this document; and
- (c) *Reaffirms* that, pursuant to the Policy on Restructuring and Cancellation, the Secretariat is authorized to negotiate and execute the amendment to the funded activity agreement for FP015, which shall reflect the major change described in the restructuring paper for FP015 and the list of conditions set out in annex VI to this document.

Agenda item 21: Consideration of accreditation proposals

46. The Board took note of document GCF/B.23/04 and its limited distribution addenda Add.01 and Add.02 titled “Consideration of accreditation proposals”.

47. The Board adopted the following decision:

DECISION B.23/13

The Board, having considered document GCF/B.23/04 titled “Consideration of accreditation proposals”:

- (a) *Takes note with appreciation* of the assessments conducted by the Secretariat and the Accreditation Panel contained within the relevant annexes for the following applicants:
- (i) *Applicant 086 (APL086) is the Banco Nacional de Desenvolvimento Econômico e Social (BNDES, the Brazilian Development Bank), based in Brazil, as contained in annex IV of document GCF/B.23/04;*
- (ii) *Applicant 087 (APL087) is the Ministry of Water and Environment (MWE) of Uganda, as contained in annex V of document GCF/B.23/04;*
- (iii) *Applicant 088 (APL088) is Ecobank Ghana Limited (EGH), based in Ghana, as contained in annex VI of document GCF/B.23/04; and*
- (iv) *Applicant 089 (APL089) is Enabel, based in Belgium, as contained in annex VII of document GCF/B.23/04;*

- (b) *Accredits applicants APL086, APL087, APL088 and APL089 pursuant to paragraph 45 of the Governing Instrument for the GCF, and subject to, and in accordance with, the assessments by the Accreditation Panel contained in the relevant annexes for each of the applicants;*
- (c) *Takes note with appreciation of the assessments conducted by the Secretariat and the Accreditation Panel contained within the relevant annexes for the following applicants seeking to upgrade their accreditation type:*
- (i) *Infrastructure Development Company Limited (IDCOL), based in Bangladesh, as contained in annex VIII of document GCF/B.23/04; and*
- (ii) *Secretariat of the Pacific Regional Environment Programme (SPREP), based in Samoa, as contained in annex IX of document GCF/B.23/04;*
- (d) *Agrees to upgrade the accreditation type of the Infrastructure Development Company Limited (IDCOL) as contained in decision B.17/05, paragraph (b), subject to, and in accordance with, the assessment by the Accreditation Panel contained in annex VIII of document GCF/B.23/04;*
- (e) *Also agrees to upgrade the accreditation type of Secretariat of the Pacific Regional Environment Programme (SPREP) as contained in decision B.09/07, paragraph (b), subject to, and in accordance with, the assessment by the Accreditation Panel contained in annex IX of document GCF/B.23/04;*
- (f) *Takes note that, pursuant to decision B.08/03, paragraph (k), and that the entity, as contained in paragraph (a)(ii) above and listed in annex VII, was reviewed under the normal track as per the assessment contained in annex V of document GCF/B.23/04, the Secretariat, in consultation with the Accreditation Panel, is proposing that the eligibility to apply under the fast-track accreditation process be extended to those entities listed in annex VII; and*
- (g) *Decides that those entities referred to in annex VII are also eligible to apply under the fast-track accreditation process for the standards of GCF in accordance with decision B.08/03, paragraph (g), for entities under the Adaptation Fund.*

Agenda item 22: Risk management framework

(a) Compliance risk policy

48. The Board took note of document GCF/B.23/06 titled “Risk management framework: compliance risk policy – Proposal by the Risk Management Committee”.

49. The Board adopted the following decision:

DECISION B.23/14

The Board, having reviewed document GCF/B.23/06 titled “Risk management framework: compliance risk policy – proposal by the Risk Management Committee”:

Adopts the risk management framework component VIII – compliance risk policy, as set out in annex VIII.

Agenda item 23: Integrity policies

(a) Standards for the implementation of the Anti-Money Laundering and Countering the Financing of Terrorism Policy

50. The Board took note of document GCF/B.23/22 titled “Standards for the Implementation of the Anti-Money Laundering and Countering the Financing of Terrorism Policy”.

51. The Board adopted the following decision:

DECISION B.23/15

The Board, having considered document GCF/B.23/22 titled “Standards for the Implementation of the Anti-Money Laundering and Countering the Financing of Terrorism Policy”:

- (a) *Adopts the “Standards for the Implementation of the Anti-Money Laundering and Countering the Financing of Terrorism Policy” contained in annex IX;*
- (b) *Reiterates its request (decision B.14/01, paragraph (f)) for the Accreditation Committee, in consultation with the Head of the Independent Integrity Unit, to consider the best way to integrate the Anti-Money Laundering and Countering the Financing of Terrorism Policy in the interim fiduciary standards and present to the Board a proposal for its consideration in 2019 as a matter of urgency;*
- (c) *Requests the Secretariat and the Independent Integrity Unit to develop standard operating procedures, subject to the approval of the Ethics and Audit Committee, to operationalize these Standards for the Implementation of the Anti-Money Laundering and Countering the Financing of Terrorism Policy and the Anti-Money Laundering and Countering the Financing of Terrorism Policy in 2019 as a matter of urgency; and*
- (d) *Also requests the Secretariat to implement the GCF Anti-Money Laundering and Countering the Financing of Terrorism Policy, the Standards for the Implementation of the Anti-Money Laundering and Countering the Financing of Terrorism Policy, the Policy on Prohibited Practices and other integrity-related matters in a coherent manner while fully respecting the scope and provisions of the respective policies, and further requests the Secretariat to amend the accreditation master agreement template, as approved by the Board in decision B.12/31, to ensure consistency with the scope of the Anti-Money Laundering and Countering the Financing of Terrorism Policy such that clause 9.03(a) reads as follows:*

apply its own fiduciary principles and standards relating to any ‘know your customer’ checks, AML/CFT, and financial sanctions imposed by the United Nations Security Council, which should enable it to comply with the Policy on Prohibited Practices and the principles of the AML/CFT Policy.

and that clause 9.03(b) reads as follows:

unless prohibited by law applicable to the Accredited Entity, not use GCF Proceeds or Other GCF Funds for the purposes of any payment to individuals or entities, or for the import of goods, if such payment or import is prohibited by a Decision as may be adopted from time to time by the Board or by a financial sanction of the United Nations Security Council.

(b) Updated Policy on the Protection from Sexual Exploitation, Sexual Abuse and Sexual Harassment

52. The Board took note of document GCF/B.23/14 titled “Policy on the Prevention and Protection from Sexual Exploitation, Sexual Abuse, and Sexual Harassment”.
53. The Board adopted the following decision:

DECISION B.23/16

The Board, having considered document GCF/B.23/14 titled “Policy on the Prevention and Protection from Sexual Exploitation, Sexual Abuse, and Sexual Harassment”:

- (a) *Adopts the Policy on the Prevention and Protection from Sexual Exploitation, Sexual Abuse, and Sexual Harassment as set out in annex X to this document (the Policy);*
- (b) *Requests the Accreditation Committee, in consultation with the Head of the Independent Integrity Unit, to consider the best ways to update and amend, as appropriate, the requirements placed on accredited entities in the relevant standards, safeguards and policies of the GCF so as to integrate the obligations set out in this Policy, including, but not limited to, the:*
- (i) *Initial basic fiduciary standards, pursuant to decision B.07/02, paragraph (b);*
 - (ii) *Environmental and social safeguards, pursuant to decision B.07/02, paragraph (d), and decision B.19/10, paragraph (c), as relevant; and*
 - (iii) *Gender Policy and Gender Action Plan pursuant to decision B.09/11, paragraphs (a)–(b);*
- and present to the Board for its consideration such updates and amendments no later than the twenty-fourth meeting of the Board as a matter of urgency;*
- (c) *Also requests the Secretariat, in consultation with the Head of the Independent Integrity Unit, to establish rules and procedures, as appropriate, in accordance with, and for the purpose of implementing, the Policy, and report to the Board on the actions no later than the twenty-fourth meeting of the Board;*
- (d) *Further requests the Secretariat to assess the cost implications of the implementation of this Policy and submit to the Budget Committee a budget request for its consideration as required;*
- (e) *Requests the Independent Integrity Unit to provide a report on experiences and lessons learned to the Board one year after the entry into effect of this Policy, which may include recommendations for how to improve the Policy and its implementation; and*
- (f) *Also requests the Secretariat to report annually to the Board on the implementation of this Policy.*

(c) Cost implications of the implementation of the Interim Policy on the Protection from Sexual Exploitation, Sexual Abuse and Sexual Harassment

54. The Board took note of limited distribution document GCF/B.23/15 titled “Cost implications of the implementation of the Interim Policy on the Protection from Sexual Exploitation, Sexual Abuse, and Sexual Harassment”.

55. The Board adopted the following decision:

DECISION B.23/17

The Board, having considered limited distribution document GCF/B.23/15 titled “Cost implications of the implementation of the Interim Policy on the Protection from Sexual Exploitation, Sexual Abuse, and Sexual Harassment”:

- (a) Approves the total budget of USD 90,000 for the year 2019 for the implementation of the Interim Policy on the Protection from Sexual Exploitation, Sexual Abuse and Sexual Harassment as set out in table 1 of document GCF/B.23/15; and*
- (b) Notes the limited experience of GCF in handling such cases and that the budgets provided are estimates. Therefore, both the Secretariat and the Independent Integrity Unit will need to monitor these budgets constantly to ensure that the policy continues to be enforced at the expected level.*

Agenda item 24: Dates and venues of upcoming meetings of the Board

56. The Board took note of document GCF/B.23/08 titled “Dates and venues of upcoming meetings of the Board”.

57. The Board adopted the following decision:

DECISION B.23/18

The Board, having considered document GCF/B.23/08 titled “Dates and venues of upcoming meetings of the Board”:

- (a) Decides that the twenty-fourth meeting of the Board will take place from Tuesday, 12 November to Thursday, 14 November 2019 in Songdo, Incheon, Republic of Korea;*
- (b) Also decides that the twenty-fifth meeting of the Board will take place from Tuesday, 10 March to Thursday, 12 March 2020 in Songdo, Incheon, Republic of Korea;*
- (c) Further decides that the twenty-sixth meeting of the Board will take place from Tuesday, 23 June to Thursday, 25 June 2020 in Songdo, Incheon, Republic of Korea;*
- (d) Decides that the twenty-seventh meeting of the Board will take place from Thursday, 22 October to Saturday, 24 October 2020;*
- (e) Requests the Secretariat to present the following for consideration by the Board at its twenty-fifth meeting:*
 - (i) A cost-benefit analysis for Board meetings held outside of the GCF Headquarters, including non-cost elements; and*
 - (ii) Options for engaging with stakeholders and understanding the realities experienced in developing countries.*

Agenda item 25: Other matters

58. No other matters were considered under this agenda item.

Agenda item 26: Report of the meeting

59. The decisions as adopted and their corresponding annexes are included in this document.

Agenda item 27: Close of the meeting

60. The meeting was closed on Tuesday, 9 July 2019 at 3:15 a.m.

Annex I: Audited financial statements of the Green Climate Fund for the year ended 31 December 2018

*The audited financial statements of the Green Climate Fund for the year ended 31 December 2018
are contained below.*



Green Climate Fund Draft Audited Financial Statements

For the years ended December 31, 2018 and 2017

Prepared Under International Financial Reporting Standards



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INDEPENDENT AUDITORS' REPORT

To the Board of the Green Climate Fund

Opinion

We have audited the accompanying financial statements of the Green Climate Fund (the "Fund"), which comprise the statements of financial position as of December 31, 2018 and 2017, and the statements of comprehensive income, changes in funds and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund as of December 31, 2018 and 2017 and of its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Fund in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

The Board and Secretariat ("management") are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements,

management is responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Fund or to cease operations.

The Ethics and Audit committee is responsible for overseeing the Fund's financial reporting process

Auditors' Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Fund to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

2913, Nambusunwhan-ro, Seoul, 06280, Korea

May 16, 2019

This report is effective as of May 16, 2019, the audit report date. Certain subsequent events or circumstances, which may occur between the audit report date and the time of reading this report, could have a material impact on the accompanying financial statements and notes thereto. Accordingly, the readers of the audit report should understand that there is a possibility that the above audit report may have to be revised to reflect the impact of such subsequent events or circumstances, if any.

STATEMENT OF FINANCIAL POSITION

As of December 31, 2018 and 2017

(In '000 USD)	Note	2018	2017
Assets			
Cash and cash equivalents	5, 6	3,837,758	3,380,395
Contributions receivable	6,7	307,737	674,834
Prepayments	-	1,024	555
Other receivables	-	96	19
Total current assets		4,146,615	4,055,803
Contributions receivable	6,7	2,174,190	1,375,652
Investment in equity	6,8	8,146	8,146
Loans Receivable	6,8	259,206	85,300
Property and equipment, net	9	1,607	1,467
Total non-current assets		2,443,149	1,470,565
Total assets		6,589,764	5,526,368
Funds and Liabilities			
Accounts payable	6	2,723	1,056
Accrued expenses	6	5,111	5,225
Total current liabilities		7,834	6,281
Long-term borrowings	10	281,216	293,382
Present value discount	10	45,166	48,248
Total non-current liabilities		326,382	341,630
Total liabilities		334,216	347,911
Temporarily restricted funds	11	3,075,929	2,631,600
Unrestricted funds		3,179,619	2,546,857
Total Funds		6,255,548	5,178,457
Total liabilities and funds		6,589,764	5,526,368

See accompanying notes to the financial statements.

STATEMENT OF COMPREHENSIVE INCOME

For the years ended December 31, 2018 and 2017

(In '000 USD)	Note	2018	2017
Income			
Income from contributors	12	1,222,926	1,864,311
Investment & other income	13	74,913	36,240
Total income		1,297,839	1,900,551
Expenditure			
Administrative expenses	14	56,983	41,629
Programme	15	163,765	74,154
Total expenditure		220,748	115,783
Increase in fund for the year		1,077,091	1,784,768
Other Comprehensive Income (loss)			-
Total comprehensive income for the year		1,077,091	1,784,768

See accompanying notes to the financial statements

STATEMENT OF CHANGES IN FUNDS

For the years ended December 31, 2018 and 2017

(In '000 USD)

	Temporarily restricted funds	Unrestricted funds	Total
As at 1 January 2017	1,843,633	1,550,056	3,393,689
Fund released from restriction	(366,462)	366,462	-
Comprehensive income	1,154,429	630,339	1,784,768
As at 31 December 2017	2,631,600	2,546,857	5,178,457
As at 1 January 2018	2,631,600	2,546,857	5,178,457
Fund released from restriction	(409,358)	409,358	-
Comprehensive income	853,687	223,404	1,077,091
As at 31 December 2018	3,075,929	3,179,619	6,255,548

See accompanying notes to the financial statements.

STATEMENT OF CASH FLOWS

For the years ended December 31, 2018 and 2017

(In '000 USD)	2018	2017
Cash flows from operating activities		
Cash receipts from contributors	791,765	1,373,924
Investment Income	73,690	35,539
Loan Interest and Other income	1,223	700
Cash paid to suppliers & personnel	(58,650)	(42,223)
Program Payments	(163,765)	(74,154)
Realised foreign currency gain/(loss)	(12,575)	9,851
Net cash provided by (used in) operating activities	631,688	1,303,637
Cash flows from investing activities		
Acquisition of property and equipment	(804)	(1,079)
Investment in equity	-	(2,652)
Loans to Accredited Entities	(173,521)	(85,300)
Net cash provided by (used in) investing activities	(174,325)	(89,031)
Cash flows from financing activities		
Loan from contributors	-	341,630
Net cash from financing activities	-	341,630
Net increase in cash and cash equivalents	457,363	1,556,236
Cash and cash equivalents at beginning of the year	3,380,395	1,824,159
Cash and cash equivalents at end of year	3,837,758	3,380,395

See accompanying notes to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

For the years ended December 31, 2018 and 2017

1. REPORTING ENTITY

The Green Climate Fund (Fund) has been established by 196 Parties to the United Nations Framework Convention on Climate Change (UNFCCC). The Fund was established by a decision of the Conference of the Parties (COP) to the UNFCCC on 11 Dec 2011. Its headquarter is based in Songdo, the Republic of Korea and the principal place of business is G-Tower 175, Art Center-daero Yeonsu-gu, Incheon 22004. The Fund seeks to contribute to the achievement of the ultimate objective of the Convention. In the context of sustainable development, the Fund promotes the paradigm shift towards low-emission and climate-resilient development pathways by providing support to developing countries to limit or reduce their greenhouse gas emissions and to adapt to the impacts of climate change, taking into account the needs of those developing countries particularly vulnerable to the adverse effects of climate change. The Fund is guided by the principles and provisions of the Convention.

The Fund plays a key role in channeling new and predictable financial resources to developing countries. GCF seeks to catalyze climate finance – both public and private, and at the national, regional and international levels. The Fund is intended to operate at a larger scale than other comparable funds to promote the paradigm shift towards low-emission and climate-resilient development pathways.

GCF was designated as an operating entity of the UNFCCC's financial mechanism, which it is ultimately accountable to. The COP provides guidance to the Board, including on matters related to policies, programme priorities and eligibility criteria. The Board takes appropriate actions in response to this guidance and reports to the COP annually.

The Fund is governed and supervised by a Board that has full responsibility for funding decisions and that receives the guidance of the COP. The Board oversees the operation of all relevant components of the Fund, approving specific operational policies and guidelines, and approving funding for projects and programmes. The Board is composed of 24 members, and 24 alternate members with equal representation from developing and developed country Parties. In accordance with the Fund's Governing Instrument, the World Bank provides trustee services to the Fund.

The financial statements for the year ended 31st December 2018 were authorized for issue by the fund's board on ~~XX~~ July 2019.

NOTES TO THE FINANCIAL STATEMENTS

2. BASIS OF PREPARATION

The principal accounting policies applied in the preparation of these financial statements are set out below. These accounting policies have been applied by the Fund consistently to all periods presented.

STATEMENT OF COMPLIANCE

The financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRSs). Where the IFRS are silent or do not give guidance on how to treat transactions specific to the non-profit sector, accounting policies have been based on the general IFRS principles and other relevant accounting standards, as detailed in the IASB Framework for the Preparation and Presentation of Financial Statements.

BASIS OF MEASUREMENT

The financial statements have been prepared on the historical cost basis, except for investments (other than associates or joint ventures) and certain financial assets and liabilities which are recorded at fair value

FUNCTIONAL AND PRESENTATION CURRENCY

The accompanying financial statements are presented in United States Dollars ("USD"), the Fund's functional currency. All financial information has been rounded off to the nearest thousands unless otherwise indicated.

USE OF ESTIMATES AND JUDGEMENTS

The preparation of the financial statements in accordance with IFRSs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, incomes and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

NOTES TO THE FINANCIAL STATEMENTS

3. APPLICATION OF NEW AND REVISED IFRS

NEW STANDARDS, INTERPRETATIONS AND AMENDMENTS ADOPTED DURING 2018

The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the preparation of the financial statements for the year ended 31 December 2017.

During 2018 the following new standards and amendments became applicable for the first time. The potential impact on the Fund is outlined below:

Standard	Effective Application Date	Expected Impact
IFRS 9 - Financial Instruments, issued in July 2014	1 January 2018	The Fund has applied IFRS 9, Financial Instruments, for the first time for their annual reporting period commencing January 1, 2018. In accordance with the transitional provisions in IFRS 9, comparative figures have not been restated.
IFRS 15 – Revenue from Contracts with Customers, issued in May 2014	1 January 2018	No impact on the Fund’s financial performance and financial position given the fund’s sources of revenue
Amendments to IFRS 2 – Share-based payments, issued June 2016	1 January 2018	No impact. The Fund did not enter into any Share-based payment transactions in the period under review
Amendments to IFRS 1 – First-time Adoption of IFRS, issued December 2016	1 January 2018	No Impact. The Fund has been using IFRS since inception
Amendments to IAS 28 – Investment in Associates, Issued December 2016	1 January 2018	No impact on the reporting period. The Fund did not hold any rights or power to participate in financial and operating decisions of any investee
Amendments to IAS 40 – Investment Property, issued December 2016	1 January 2018	No impact. The Fund did not hold any property to earn rentals or for capital appreciation in the reporting period.
IFRIC 22 Foreign Currency Transactions and Advance consideration issued in December 2016	1 January 2018	No significant impact. There were no material transactions involving advance payments in foreign currencies

NOTES TO THE FINANCIAL STATEMENTS

STANDARDS ISSUED BUT NOT YET EFFECTIVE

A number of new standards, amendments to standards and interpretations have been issued but are not yet effective for the year ended 31 December 2018, and have not been applied in preparing the financial statements. The Fund plans to adopt these pronouncements when they become effective. Only those new or amended standards that may have an impact on the Fund reporting are listed below, with their potential effect on the financial statements:

Standard	Effective Application Date	Expected Impact
IFRS 16 - Leases, issued in January 2016	1 January 2019	In its state of operations, the Fund does not expect any impact since it has no contracts under lease. However, if it enters into lease contracts in the future, it may be required to recognize obligations under the leases
Amendments to IAS 28, Investment in Associates	1 January 2019	In its state of operations, the Fund does not expect any impact since it does not hold any rights or power to participate in the financial and operating decision of any investee. However, if it holds such rights in later periods, it may be impacted if it chooses to apply IFRS 9 to long-term interests in an associate or joint venture

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash on hand, deposits held at call with banks, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

B. RECEIVABLES

All receivable balances are valued at their net realizable value, that is, the gross amount of receivable minus, if applicable, allowances provided for doubtful debts. Any receivable or portion of receivable judged to be uncollectable is written off. Write-offs of receivables are done via allowances for doubtful accounts after all efforts to collect have been exhausted.

NOTES TO THE FINANCIAL STATEMENTS

C. PROPERTY AND EQUIPMENT

Property and equipment are initially measured at cost. Subsequent to initial recognition as an asset, property and equipment are carried at cost less any accumulated depreciation and any accumulated impairment losses.

The cost of property and equipment comprises its purchase price and all other incidental costs in bringing the asset to its working condition for its intended use.

Subsequent costs are recognized in the carrying amount of property and equipment at cost or, if appropriate, as separate items if it is probable that future economic benefits associated with the item will flow to the Fund and the cost of the item can be measured reliably. The costs of the day-to-day operation are recognized as expenses.

Property and equipment are depreciated on a straight-line basis over the estimated useful lives of each part of an item of property and equipment. The estimated useful lives for the current period are as follows:

Plant and equipment	Useful life
Computer equipment and IT infrastructure	3 years
Leasehold Improvements	10 Years
Office Equipment and Furniture	3 Years
Motor Vehicles	5 Years

Depreciation methods, useful lives and residual values are reviewed at the end of each reporting date and adjusted, if appropriate.

Depreciation is made in the year the asset is placed in operation and continued until the asset is fully depreciated or its use is discontinued.

D. FOREIGN CURRENCY TRANSACTIONS AND TRANSLATIONS

Foreign currency-denominated transactions are translated to US Dollars for reporting purposes at rates which approximate the exchange rates prevailing at the dates of the transactions.

Exchange differences arising from the: (a) settlement of foreign currency-denominated monetary items at rates which are different from which they were originally booked, and (b) translation of balances of foreign currency-denominated monetary items as at reporting date, are credited or charged to operations during the year.

Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

NOTES TO THE FINANCIAL STATEMENTS

E. ACCOUNTING FOR CONTRIBUTIONS

E1.1 Revenue recognition

Contributions, including unconditional promise for the use of the contributions, are recognized as revenue at the earlier of when there is reasonable assurance that the contributions will be received or such contributions are received.

Contributions, including conditional promise to support specified projects or activities mutually agreed upon by the Fund and the contributor, are fully recognized as revenue at the earlier of when there is reasonable assurance that the contributions will be received or such contributions are received unless there is doubt that the Fund will not be able to use the contributions for their intended purposes, in which case the revenue is recognized only to the extent of the expenditures incurred during the year.

E1.2 Contributions receivable

The Fund recognizes contributions receivable where there is reasonable assurance that the contributions will be received but the cash has not been received. Contributions receivable are stated at their cost net of a provision for uncollectible contributions.

Promissory notes receivable are measured initially at fair value by discounting the future cash flows with the appropriate discount rates, which reflects the duration and the credit risk of the issuer and presented at amortized cost using the effective rate method at each reporting date. The Fund assesses at the end of each reporting period whether there is any objective evidence that the promissory notes are impaired. If any such evidence exists, the Fund determines the amount of any impairment loss.

E1.3 Deferred contribution revenue

The Fund recognizes deferred contribution revenue where there is a doubt that the Fund will be able to use the contributions for intended purposes and any unused portion of the contribution received will need to be refunded to the contributor. The revenue recognition for such contributions is deferred to future periods in order to match the underlying related expenses. The revenue is realized in the statement of comprehensive income on a systematic basis in the period during which the underlying related expenses are incurred.

F. ACCOUNTING FOR INVESTMENTS IN EQUITY

F1.1 Investment in associates

Investments in associates are initially recognized at acquisition cost using the equity method. Unrealized gains on transactions between the Fund and its associates are eliminated to the extent of the Fund's interest in the associates. If there is any objective evidence that the investment in the associate is impaired, the Fund recognizes the difference between the recoverable amount of the associate and its book value as impairment loss.

NOTES TO THE FINANCIAL STATEMENTS

Associates are all entities over which the Fund has significant influence (that is the power to participate in the financial and operating policy decisions of the investee) but is not in control or joint control of those policies. If the Fund holds, directly or indirectly (e.g. through subsidiaries), 20 percent or more of the voting power of the investee, it is presumed that the Fund has significant influence, unless it can be clearly demonstrated that this is not the case e.g. by evidence that all or almost all the following conditions are absent or do not apply:

- (a) Representation on the board of directors or equivalent governing body of the investee;
- (b) Participation in the investee's policy-making processes, including participation in decisions about dividends and other distributions;
- (c) Material transactions between the Fund and the investee;
- (d) Interchange of managerial personnel between the Fund and the investee;
- (e) Provision of essential technical information between the Fund and the investee.

F1.2 Investment in joint ventures

A joint arrangement of which two or more parties have joint control is classified as either a joint operation or a joint venture. A joint operator has rights to the assets, and obligations for the liabilities, relating to the joint operation and recognizes the assets, liabilities, revenues and expenses relating to its interest in a joint operation. A joint venturer has rights to the net assets relating to the joint venture and accounts for that investment using the equity method.

F1.3 Investment not subject to associates or joint ventures

Any investment in equity that is not subject to associates or joint ventures is accounted for at fair value through other comprehensive income in accordance with "IFRS 9 Financial Instruments".

G. ACCOUNTING FOR GRANTS

The accounting for grants uses the principles of IAS 37: Provisions, liabilities and contingent liabilities, together with the "general framework" document to determine when the grants should be recognized as contingent liabilities, grant payables and subsequently recorded in the statement of comprehensive income.

G1.1 Contingent Liability

The first point of recognition for grants is at the point of Board approval, where the maximum liability of the grant becomes clear and is agreed with the Accredited Entity. The accounting treatment at this point is to recognize the grant as a contingent liability due to the uncertainty over the amount of the grant and the substantive ability of the Fund to decommit funds if conditions are not met or funding is not available. Accordingly, the point of Board approval is not considered to be a constructive obligation as defined under IAS 37.

Following the Board approval, the grants are governed by a written grant agreement that includes substantive conditions based on performance. There is no constructive obligation for the full value of the grant at the signing date of the grant agreement. Accordingly, an obligation only arises once all criteria have been addressed or otherwise resolved.

NOTES TO THE FINANCIAL STATEMENTS

G1.2 Recognition of Grants payable and expenditure

The recognition of grants payable is determined to be the point at which the conditions are met and the disbursement request is made by the accredited entity. At this point, the Fund has a constructive obligation to the accredited entity and the valid amount requested for disbursement is therefore recognized as a grant payable and recorded as expenditure within the statement of comprehensive income.

G1.3 Recoverable from Grants

During the implementation period, a part of the funds disbursed for grants may be determined as recoverable from the accredited entity based on the audits and investigations conducted. Grants recoverable are recognized at fair value upon notification to the accredited entity and are subject to the same policy of valuation, risk assessment and asset impairment as contributions recoverable from the contributor.

H. FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognized when the Fund becomes a party to the contractual provisions of the underlying instruments.

H1.1 Financial assets

H1.1.1 Classification

From January 1, 2018, the Fund classifies its financial assets in the following measurement categories:

- a) Those to be measured subsequently at fair value (either through other comprehensive income or through profit or loss)
- b) Those to be measured at amortized cost

The classification depends on the Fund's business model for managing the financial assets and the contractual terms of the cash flows.

For financial assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. The Fund reclassifies debt investments only when its business model for managing those assets changes.

For investments in equity instruments that are not held for trading, the classification will depend on whether the Fund has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income. Changes in fair value of the investments in equity instruments that are not accounted for as other comprehensive income are recognized in profit or loss.

H1.1.2 Measurement

At initial recognition, the Fund measures a financial asset, in the case of a financial asset not at fair value through profit or loss, at its fair value plus transaction costs that are directly attributable to the acquisition of the financial asset or the issuance of the financial liabilities. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the Statement of Comprehensive Income.

NOTES TO THE FINANCIAL STATEMENTS

H1.1.2.1 Debt Instruments

Subsequent measurement of debt instruments depends on the Fund's business model for managing the asset and the cash flow characteristics of the asset. The Fund classifies its debt instruments into one of the following three measurement categories:

a) Financial assets measured at amortized cost.

Assets that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortized cost. A gain or loss on a debt investment that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in profit or loss when the asset is derecognized or impaired. Interest income from these financial assets is included in 'Financial income' using the effective interest rate method.

b) Financial assets measured at fair value through other comprehensive income (FVTOCI)

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment loss (reversal of impairment loss), interest income and foreign exchange gains and losses which are recognized in profit or loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss. Interest income from these financial assets is included in 'Financial income' using the effective interest rate method. Foreign exchange gains and losses are presented in 'Financial income and expenses' and impairment losses are presented in 'Other non-operating expenses'.

c) Financial assets measured at fair value through profit or loss (FVTPL)

Assets that do not meet the criteria for amortized cost or fair value through other comprehensive income are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognized in profit or loss and presented in the statement of profit or loss within 'Other non-operating income and expenses' in the year in which it arises.

H1.1.2.2 Equity Instruments

The Fund subsequently measures all equity investments at fair value. Where the Fund's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment.

When the financial asset is derecognized, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to retained earnings. Dividend income from such investments continues to be recognized in profit or loss as 'Other non-operating income' when the right to receive payments is established. Changes in the fair value of financial assets at fair value through profit or loss are recognized in 'Other non-operating income and expenses' in the statement of profit or loss as applicable.

NOTES TO THE FINANCIAL STATEMENTS

H1.1.3 Impairment

The Fund assesses on a forward-looking basis the expected credit loss associated with its debt instruments carried at amortized cost and fair value through other comprehensive income. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For trade receivables, the Fund applies the simplified approach, which requires expected lifetime losses to be recognized from the initial recognition of the receivables.

H1.1.4 Recognition and Derecognition

Regular way purchases and sales of financial assets are recognized or derecognized on trade-date, the date on which the Fund commits to purchase or sell the asset. Financial assets are derecognized when the rights to receive cash flows from the financial assets have expired or have been transferred and the Fund has transferred substantially all the risks and rewards of ownership. If a transfer does not result in derecognition because the Fund has retained substantially all the risks and rewards of ownership of the transferred asset, the Fund continues to recognize the transferred asset in its entirety and recognizes a financial liability for the consideration received. The Fund classified the financial liability as “borrowings” in the statement of financial position.

H1.1.5 Offsetting of financial instruments

Financial assets and liabilities are offset, and the net amount reported in the statement of financial position where there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the assets and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Fund or the counterparty.

H1.2 Financial liabilities

Financial liabilities at fair value through profit or loss are financial instruments held for trading. Financial liabilities are classified in this category if incurred principally for the purpose of repurchasing them in the near term. Derivatives that are not designated as hedges or bifurcated from financial instruments containing embedded derivatives are also categorized as held-for-trading.

The Fund classifies non-derivative financial liabilities, except for financial liabilities at fair value through profit or loss, financial guarantee contracts and financial liabilities that arise when a transfer of financial assets does not qualify for derecognition, as financial liabilities carried at amortized cost and presented as ‘accounts payable’, ‘borrowings’, and ‘other financial liabilities’ in the statement of financial position.

I. FINANCE INCOME AND FINANCE COSTS

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

NOTES TO THE FINANCIAL STATEMENTS

J. TAXATION

Under the agreement between the Republic of Korea and the Green Climate Fund (GCF) concerning the Headquarters of the Green Climate Fund, signed on 10 June 2013, the GCF is exempt from all direct taxes, except those which are, in fact no more than charges for public utility services; and exempt from all indirect taxes, including any value-added and or/similar taxes and excise duties levied on important purchase of goods and services for official purposes.

K. RISK MANAGEMENT

The Fund is and will continue to be exposed to various kinds of risk (compliance risk, reputational risk, legal risk, IT risk, credit risk, market risk, currency risk, liquidity risk, operational risk). The Fund has its Risk Management and Investment framework. The Board adopted a risk appetite methodology and risk registers to manage its exposure to various risk categories. The Fund will continue establishing risk policies and guidelines to further improve risk management tools in financial and non-financial risk management. Funds held in trust by the Trustee are invested in accordance with the World Bank's policies and procedures for the investment of trust funds administered by the World Bank.

L. EVENTS AFTER THE REPORTING DATE

Post year-end events that provide additional information about the Funds financial position at the reporting date (adjusting events) are reflected in the financial statements when material. Post year-end events that are not adjusting events are disclosed in the notes to the financial statements when material.

NOTES TO THE FINANCIAL STATEMENTS

5. CASH AND CASH EQUIVALENTS

- (a) Cash and cash equivalents as of December 31, 2018 and 2017 are summarized as follows:

<i>(In '000 USD)</i>	2018	2017
Balance held in the GCF Trust Fund (at the World Bank)	3,822,378	3,375,013
Balances held in Commercial Banks	15,380	5,381
Cash on Hand	-	1
Total	3,837,758	3,380,395

The World Bank is serving as the Trustee of the Fund. The Trustee administers contributions received in the Trust Fund in accordance with the Amended and Restated Agreement on the Terms and Conditions for the Administration of the Green Climate Fund Trust Fund (including all Annexes and Attachments attached thereto, which constitute an integral part thereof), dated April 22, 2015 between the Fund and the Trustee (the "GCF Trust Fund Agreement"). The Fund signed a revised agreement with the World Bank on 12th April 2019. Under the revised agreement, the World Bank shall continue to provide trustee services for the next four years.

- (b) Cash and cash equivalents denominated in foreign currencies as of December 31, 2018 and 2017 are as follows:

Foreign currency	2018			2017		
	Foreign currency amount (in '000)	Ending exchange rate	Translation into '000 USD	Foreign currency amount (in '000)	Ending exchange rate	Translation into '000 USD
EUR	230,100	0.8732	263,514	-	-	-
KRW	356,783	0.0009	324	694,355	0.0009	644

NOTES TO THE FINANCIAL STATEMENTS

6. FINANCIAL INSTRUMENTS BY CATEGORIES

- (a) Categories of financial assets as of December 31, 2018 and 2017 are summarized as follows:

(i) December 31, 2018				
<i>(In '000 USD)</i>	Financial assets measured at amortized cost	Financial assets measured at FVTOCI	Financial assets measured at FVTPL	Total Amount
Financial Assets				
Cash and cash equivalents	3,837,758	-	-	3,837,758
Contributions receivable	2,481,927	-	-	2,481,927
Loans Receivable	259,206	-	-	259,206
Investments in equity	-	8,146	-	8,146
Total	6,578,891	8,146	-	6,587,037
(ii) December 31, 2017				
<i>(In '000 USD)</i>	Financial assets measured at amortized cost	Financial assets measured at FVTOCI	Financial assets measured at FVTPL	Total Amount
Cash and cash equivalents	3,380,395	-	-	3,380,395
Contributions receivable	2,050,486	-	-	2,050,486
Loans Receivable	85,300	-	-	85,300
Investments in equity	-	8,146	-	8,146
Total	5,516,181	8,146	-	5,524,327

- (b) Categories of financial liabilities as of December 31, 2018 and 2017 are summarized as follows:

(i) December 31, 2018			
<i>(In '000 USD)</i>	Financial assets measured at amortized cost	Financial assets measured at FVTPL	Total Amount
Financial Liabilities			
Accounts payable	2,723	-	2,723
Accruals	5,111	-	5,111
Long-term borrowings	281,216	-	281,216
Total	289,050	-	289,050
(ii) December 31, 2017			
<i>(In '000 USD)</i>	Financial assets measured at amortized cost	Financial assets measured at FVTPL	Total Amount
Accounts payable	1,056	-	1,056
Accruals	5,225	-	5,225
Long-term borrowings	293,382	-	293,382
Total	299,663	-	299,663

NOTES TO THE FINANCIAL STATEMENTS

- (c) Detail of net gains (or losses) on each category of financial instruments by category for the years ended December 31, 2018 and 2017 are summarized as follows:

	2018			2017		
	Loans and receivables	Other assets	Financial liabilities	Loans and receivables	Other Assets	Financial liabilities
<i>(In '000 USD)</i>						
Bank and trust fund income	-	73,824	-	-	35,539	-
Foreign exchange gain (loss)	(99,599)	-	-	133,377	-	-
Present value amortization on promissory note	-	-	-	2,512	-	-
Total	(99,599)	73,824	-	135,889	35,539	-

NOTES TO THE FINANCIAL STATEMENTS

7. CONTRIBUTIONS RECEIVABLE

In accordance with signed arrangements/ agreements, a number of contributors have deposited promissory notes. The World Bank, as the Trustee of the Fund, is holding these promissory notes on behalf of the fund. These are non-interest-bearing and payable at par value. Promissory notes encashable within one year from the end of the reporting period are classified as current assets-receivables. Promissory notes encashable after more than one year from the end of the reporting period are classified as non-current assets- receivables.

The promissory notes receivables are measured initially at fair value by discounting the future cash flows with the appropriate discount rates, which reflects the duration and the credit risk of the issuer and presented at amortized cost using the effective rate method at each reporting date. The Fund assesses at the end of each reporting period whether there is any objective evidence that the promissory notes will not be received. If any such evidence exists, the Fund determines the amount of any bad debts to be written off. Promissory notes denominated in Euro, Japanese Yen, Swedish Krona and Pound Sterling were revalued to United States Dollars (USD) at the end of reporting period at the prevailing exchange rates.

As at December 31, 2018, encashment schedule and details of present value on promissory notes are as follows:

Encashment	Amount (In '000 USD)
In 2019	307,737
In 2020	411,926
In 2021	113,334
In 2022	1,037,964
In 2023	632,538
Nominal value of promissory notes	2,503,499
Unamortized present value discount	(21,572)
Present value of promissory notes	2,481,927

NOTES TO THE FINANCIAL STATEMENTS

Contributions receivable denominated in foreign currencies as of December 31, 2018 and 2017 are as follows:

Foreign currency	2018			2017		
	Foreign currency amount (in '000)	Ending exchange rate	Translation into '000 USD	Foreign currency amount (in '000)	Ending exchange rate	Translation into '000 USD
EUR	480,910	0.8732	550,738	379,710	0.8340	455,158
JPY	82,713,388	109.95	752,316	63,151,749	112.52	561,274
GBP	720,000	0.7813	919,368	520,017	0.7400	699,966
SEK	2,140,000	8.95	239,077	2,740,000	8.2014	334,088
			2,461,499			2,050,486

Promissory notes amounting to USD 42 million were held in USD hence not included above

8. FINANCIAL ASSETS AT FAIR VALUE

A. FINANCIAL ASSETS AT FAIR VALUE THROUGH COMPREHENSIVE INCOME

i) Financial assets at Fair Value through Other Comprehensive (FVTOCI) as at December 31, 2018 and 2017 are as follows:

	2018	2017
<i>(In '000 USD)</i>		
Equity Instruments	8,146	8,146

Details of equity instruments as at December 31, 2018 and 2017 are as follows:

<i>(In '000 USD)</i>	December 31, 2018			
	No. of Shares owned	Percentage of Ownership (%)	Acquisition cost	Carrying Amount (Fair Value)
KawiSafi Ventures	20,000	47.45	8,146	8,146
<i>(In '000 USD)</i>	December 31, 2017			
	No. of Shares owned	Percentage of Ownership (%)	Acquisition cost	Carrying Amount (Fair Value)
KawiSafi Ventures	20,000	47.45	8,146	8,146

Investments in equity relate to the acquisition of equity in "KawiSafi" Ventures Limited in accordance with GCF Board approval under decision B.11/11. The investment in equity in KawiSafi is accounted for in accordance with "IFRS 9 Financial Instruments" as the Fund does not have significant influence over the invested entity's financial or operating decisions. The acquisition cost is considered a reasonable estimate for the fair value of the investment. The carrying amount as at December 31, 2018 and 2017 are as below:

NOTES TO THE FINANCIAL STATEMENTS

ii) Changes in the value of financial assets at FVTOCI for the years ended December 31, 2018 and 2017 are as follows:

<i>(In '000 USD)</i>	2018	2017
Balance at January 1	8,146	8,146
Acquisition	-	-
Disposal	-	-
Fair value gain (loss)	-	-
Others	-	-
Balance as at December 31	8,146	8,146

iii) Changes in gain (loss) on the valuation of financial asset at FVTOCI for the years ended December 31, 2018 and 2017 are as follows:

<i>(In '000 USD)</i>	2018	2017
Balance at January 1	8,146	8,146
Fair value gain (loss)	-	-
Reclassification to retained earnings	-	-
Balance as at December 31	8,146	8,146

B. LOANS RECEIVABLE

Loans receivable relate to loans that have been disbursed to accredited entities for the implementation of activities as per the different funding proposals presented to and approved by the GCF board. The loans are valued at amortized cost as required by "IFRS 9 Financial Instruments" since they are held solely for the collection of principal and interest. Details of the loans are as below:

<i>(In '000 USD)</i>	2018		2017	
	Current	Non-current	Current	Non-current
Gross Carrying Amount	-	259,206	-	85,300
Expected Credit Loss (ECL) Allowance*	-	-	-	-
Net Carrying Amount	-	259,206	-	85,300

*All interest payable on the loan as at 31, December 2018 has been paid by the loanees.

NOTES TO THE FINANCIAL STATEMENTS

The interest rates, maturity dates for the loans are as below:

Accredited Entity	Funding Proposal No.	Loan Currency	Loan amount (In '000 USD)	Maturity Date	Interest Rate
European Bank for Reconstruction and Development (EBRD)*	025	EURO	78,354	August 2033	Variable
European Bank for Reconstruction and Development (EBRD)**	047	EURO	86,902	June 2041	Variable
European Bank for Reconstruction and Development (EBRD)***	039	USD	65,800	September 2040	Variable
XacBank	046	USD	8,650	November 2029	2.47%
XacBank	028	USD	19,500	June 2022	LIBOR+ 0.5%
Total			259,206		

* The interest rate will vary depending on different factors as outlined in the Funded Activity Agreement (FAA)

** The pricing of the GCF Tranche will be based on the pricing of the EBRD Tranche to the Sub-projects. The interest rate floor is 1.5% for wind projects and 2% for solar projects

*** The pricing of the GCF Tranche will be based on the pricing of the EBRD Tranche to the Sub-projects. The interest rate floor is 1.8% for amounts loaned out for wind projects and 2% for amounts loaned out for solar projects.

NOTES TO THE FINANCIAL STATEMENTS

9. PROPERTY AND EQUIPMENT

(a) Details of property and equipment as of December 31, 2018 and 2017 are as follows:

(i) December 31, 2018			
<i>(In '000 USD)</i>	Acquisition cost	Accumulated depreciation	Carrying amount
Computer/IT equipment	3,127	(2,310)	817
Leasehold Improvements	387	(43)	344
Office Furniture & Equipment	518	(135)	383
Motor Vehicles	81	(18)	63
Total	4,113	(2,506)	1,607
(ii) December 31, 2017			
<i>(In '000 USD)</i>	Acquisition cost	Accumulated depreciation	Carrying amount
Computer/IT equipment	2,836	(1,785)	1,051
Leasehold Improvements	237	(15)	222
Office Furniture & Equipment	202	(38)	164
Motor Vehicles	35	(5)	30
Total	3,310	(1,843)	1,467

(b) Changes in property and equipment for the year ended December 31, 2018 and 2017 are summarized as follows:

(In '000 USD)

	January 1, 2018	Acquisition	Disposals	Depreciation	December 31, 2018
Computer/IT equipment	1,051	291	-	(525)	817
Leasehold Improvements	222	151	-	(29)	344
Office Furniture & Equipment	164	316	-	(97)	383
Motor Vehicles	30	46	-	(13)	63
Total	1,467	804	-	(664)	1,607
	January 1, 2017	Acquisition	Disposals	Depreciation	December 31, 2017
Computer/IT equipment	1,083	645	-	(677)	1,051
Leasehold Improvements	-	237	-	(15)	222
Office Furniture & Equipment	-	202	-	(38)	164
Motor Vehicles	-	35	-	(5)	30
Fixed Assets in transit	40	(40)	-	-	-
Total	1,123	1,079	-	(735)	1,467

NOTES TO THE FINANCIAL STATEMENTS

10. LONG-TERM BORROWINGS

i) The classification of long-term borrowings as at December 31, 2018 and 2017 is as follows:

<i>(In '000 USD)</i>	2018		2017	
	Current	Non-Current	Current	Non-Current
Long-term borrowings	-	281,216	-	293,382
Total	-	281,216	-	293,382

ii) Details of long-term borrowings as of December 31, 2018 are as follows

	Lender	Interest rate (%)	Maturity	<i>(In '000 USD)</i>
Long-term borrowings	France	0.00	June 15, 2042*	326,382
Less present value discount				(45,166)
Total				281,216

* The long-term loan shall be paid in 40 equal semi-annual installments on June 15, and December 15 of each year commencing December 15, 2022.

ii) Present value discount:

Present value discount of USD 45,166,488 refers to the interest implicit in the long-term borrowings and will be realized across the maturity period.

iv) Changes in the value of the loan in 2018 and 2017 are as below

<i>(In '000 USD)</i>	2018	2017
Balance at January 1	293,382	0
Acquisition	-	341,630
Repayments	-	-
Forex loss (gain)	(15,248)	-
Decrease/(Increase) in present value discount	3,082	(48,248)
Balance as at December 31	281,216	293,382

NOTES TO THE FINANCIAL STATEMENTS

11. FUNDS

All contributions received where the use is limited by contributor-imposed purpose or time restrictions have been classified as temporarily restricted funds. All other funds are recognized as unrestricted funds.

Changes in nominal value of temporarily restricted funds by type of restriction for the year ended December 31, 2018 are as follows:

<i>(In '000 USD)</i>	January 1, 2018	Released	Received with restriction	Unrealized Exchange gain/loss	December 31, 2018
Time restriction only	1,466,708	(409,358)	770,016	(51,061)	1,776,305
Time & contributor- imposed restriction	592,462	-	170,730	(35,998)	727,194
Contributor imposed restriction only	572,430	-	-	-	572,430
Total	2,631,600	(409,358)	940,746	(87,059)	3,075,929

Time restriction represents the funds to be collected in future years (i.e. promissory notes) that were recorded at the present value of future collections as at the end of the reporting period. This type of fund will be reclassified into unrestricted funds in the year of receipt.

Contributor-imposed restriction represents the funds whose use is limited by the contributor. Contributor-imposed restrictions relate to capital contributions which can only be disbursed as financial instruments which generate reflows. They may therefore not be used to finance grants unless that terms of the contribution state so.

Time and contributor-imposed restrictions represent the funds whose use is restricted as outlined above and that will be collected in future periods.

NOTES TO THE FINANCIAL STATEMENTS

12. INCOME FROM CONTRIBUTORS

As stated in Note 5, contributions are received through GCF's Trust Fund account at the World Bank administered by the Trustee. The change in the carrying value of the resources in the GCF Trust Fund is due to contribution revenues, investment returns on GCF Trust Fund balances, foreign currency transactions or translations and present value amortization on promissory notes. Those changes comprise the comprehensive income of the Fund.

Details of income from GCF Trust Fund for the year ended December 31, 2018 and December 31, 2017 are as follows:

(i) December 31, 2018			
<i>(In '000 USD)</i>	Nominal value	Unamortized present value discount on promissory note	Total
Contribution revenues	1,335,412	(13,828)	1,321,584
Foreign exchange gain(loss)	(99,599)	661	(98,938)
Present Value amortization on promissory note	-	280	280
Total	1,235,813	(12,887)	1,222,926
(ii) December 31, 2017			
<i>(In '000 USD)</i>	Nominal value	Unamortized present value discount on promissory note	Total
Contribution revenues	1,732,651	(4,229)	1,728,422
Foreign exchange gain(loss)	133,449	(72)	133,377
Present Value amortization on promissory note	-	2,512	2,512
Total	1,866,100	(1,789)	1,864,311

The foreign exchange gain (loss) is primarily due to exchange gain/loss at the time of encashment of promissory notes and on year-end revaluation of promissory notes received in a currency other than USD. On the reporting date, promissory notes held by the Trustee were revalued at the year-end exchange rate.

The details of changes in the total contribution that the Fund has received through the Trust Fund account for the year ended December 31, 2018 are presented as follows:

NOTES TO THE FINANCIAL STATEMENTS

(a) By contributor:

<i>(In '000 USD)</i>	January 1, 2018	Increase (Decrease)	December 31, 2018
Australia	126,557	14,894	141,451
Austria	26,089	2,958	29,047
Belgium	82,560	-	82,560
Bulgaria	109	-	109
Canada	128,230	-	128,230
Chile	300	-	300
Columbia	287	-	287
Cyprus	-	415	415
Czech Republic	4,857	-	4,857
Denmark	62,265	-	62,265
Estonia	1,123	-	1,123
Finland	38,256	-	38,256
France	710,713	174,788	885,501
Germany	677,592	207,259	884,851
Hungary	3,511	-	3,511
Iceland	700	200	900
Indonesia	244	-	244
Ireland	4,453	2,290	6,743
Italy	168,115	59,825	227,940
Japan	1,016,616	358,939	1,375,555
Korea	3,158	-	3,158
Korea	44,000	52,842	96,842
Latvia	417	-	417
Liechtenstein	50	-	50
Lithuania	113	-	113
Luxembourg	27,844	42	27,886
Malta	274	115	389
Mexico	10,000	-	10,000
Monaco	1,079	-	1,079
Mongolia	50	-	50
Netherlands	38,912	76,711	115,623
New Zealand	2,198	-	2,198
Norway	156,107	49,259	205,366
Panama	1,000	-	1,000
Poland	103	-	103
Portugal	2,168	-	2,168
Romania	50	-	50
Russian Federation	-	3,000	3,000
Spain	18,996	30,487	49,483
Sweden	485,197	(23,861)*	461,336
Switzerland	100,562	-	100,562
United Kingdom	713,549	210,719	924,268
United States	1,000,000	-	1,000,000
Total	5,658,404	1,220,882	6,879,286

* The negative change results from exchange loss on promissory notes held in contributor's home currency

NOTES TO THE FINANCIAL STATEMENTS

(b) By contribution type:

<i>(In '000 USD)</i>	January 1, 2018	Increase (Decrease)	December 31, 2018
Cash	3,599,234	776,553	4,375,787
Promissory note	2,059,170	444,329	2,503,499
Total	5,658,404	1,220,882	6,879,286

(c) By instrument type:

<i>(In '000 USD)</i>	January 1, 2018	Increase (Decrease)	December 31, 2018
Capital	1,164,893	134,753	1,299,646
Grant	4,151,881	1,101,377	5,253,258
Loan	341,630	(15,248)*	326,382
Total	5,658,404	1,220,882	6,879,286

*The negative change in the contributions is as a result of forex losses for instruments denominated currency other than USD.

13. INVESTMENT & OTHER INCOME

Investment and Other income comprise these following.

<i>(In '000 USD)</i>	2018	2017
Investment income	73,690	35,539
Loan interest	476	34
Other income	747	667
Total	74,913	36,240

Investment income represents the investment return on GCF Trust Fund balances that were invested in accordance with the investment strategy established for all trust funds administered by the World Bank.

Loan interest represents interest received on loans advanced to an accredited entity.

Other income represents the accreditation fees and interest on bank deposits

NOTES TO THE FINANCIAL STATEMENTS

14. ADMINISTRATIVE EXPENSES

Details of administrative expenses for the Fund for the year ended December 31, 2018 and December 31, 2017 are as follows:

<i>(In '000 USD)</i>	2018	2017
Staff Costs ^(a)	37,284	22,496
Consultants Fees	4,045	5,091
Contractual Services	4,670	5,585
Supplies and Services	7,772	4,636
Travel	2,548	3,087
Depreciation	664	734
Total	56,983	41,629

^(a) As at December 31 2018, the Fund had 227 full-time staff (149 as at December 31, 2017). The details of the staff costs are as below:

<i>(In '000 USD)</i>	2018	2017
Short-term employee benefits	33,104	19,368
Defined contribution plans	3,167	2,158
Other Costs	1,013	970
Total	37,284	22,496

NOTES TO THE FINANCIAL STATEMENTS

15. PROGRAMME

Programme expenditures for the years ended December 31, 2018 and December 31, 2017 are related to 'Funding Proposal Grants', 'Accredited Entity Fees', the 'Readiness & Preparatory Support Programme', National Adaptation Plans and the Project Preparation Facility.

<i>(In '000 USD)</i>	2018	2017
Funding Proposal Grants	106,389	53,939
Accredited Entity Fees	14,152	7,661
Readiness & Preparatory Support Programme*	39,263	11,406
Project Preparation Facility	3,961	1,148
Total	163,765	74,154

*In 2017, this was split into readiness and National Adaptation Plans. They were combined in 2018 since they all fall under the readiness programme

a) Funding Proposal Grants

Details of Funding Proposal Grants channeled through the various accredited entities are as follows as at 31st December 2018 and 2017:

<i>(In '000 USD)</i>	2018	2017
Asian Development Bank (ADB)	14,780	-
Agency for Agricultural Development of Morocco (ADA)	-	10,162
Conservation International (CI)	800	-
Environmental Investment Fund (EIF)	7,232	3,512
European Bank for Reconstruction & Development (EBRD)	16,951	-
KfW Development Bank (KfW)	150	-
Peruvian Trust Fund for National Parks and Protected Areas (PROFONANPE)	-	1,022
The Secretariat of the Pacific Regional Environment Programme (SPREP)	297	-
United Nations Development Programme (UNDP)	66,179	32,773
United Nations Environmental Programme (UNEP)	-	5,969
XacBank	-	500
Total	106,389	53,938

NOTES TO THE FINANCIAL STATEMENTS

b) Accredited Entity Fees

Details of Accredited Entity Fees for the disbursements to the different Accredited Entities are as follows:

<i>(In '000 USD)</i>	2018	2017
Asian Development Bank (ADB)	1,090	-
Agency for Agricultural Development of Morocco (ADA)	-	915
Conservation International (CI)	72	-
European Bank for Reconstruction & Development (EBRD)	5,996	2,905
Environmental Investment Fund (EIF)	723	351
KfW Development Bank (KfW)	9	-
Peruvian Trust Fund for National Parks and Protected Areas (PROFONANPE)	-	100
The Secretariat of the Pacific Regional Environment Programme (SPREP)	27	-
United Nations Development Programme (UNDP)	5,638	2,765
United Nations Environmental Programme (UNEP)	-	537
XacBank	597	88
Total	14,152	7,661

NOTES TO THE FINANCIAL STATEMENTS

c) Readiness & Preparatory Support Programme

Details of 'Readiness & Preparatory Support Programme' expenditures for the years ended December 31, 2018 and December 31, 2017 are as follows:

<i>(In '000 USD)</i>	2018	2017
Consultants Fees	1,218	735
Regional workshops & NDA visits	4,381	1,062
Grants	28,931	8,163
Professional Services	493	81
Travel	207	95
Other Operating Costs	1,344	-
Total	36,574	10,136

The following countries received readiness grants for the years ended December 31, 2018 and December 31, 2017:

<i>(In '000 USD)</i>	2018	2017
Albania	-	148
Algeria	60	-
Antigua and Barbuda	294	365
Argentina	506	-
Armenia	150	-
Azerbaijan	180	-
Bahamas	-	250
Bangladesh	637	69
Belize	-	123
Bhutan	296	-
Bosnia-Herzegovina	165	-
Brazil	197	-
Burkina Faso	563	-
Burundi	239	-
Cambodia	120	-
Cameroon	-	250
Central African Republic	290	-
Chad	-	120
Chile	1,678	200
Colombia	631	-
Comoros	115	-

NOTES TO THE FINANCIAL STATEMENTS

<i>(In '000 USD)</i>	2018	2017
Cook Islands	8	274
Costa Rica	635	-
Cote d'Ivoire	-	240
Cuba	167	-
Democratic Republic of Congo	678	-
Djibouti	-	120
Dominica	-	232
Dominican Republic	1,262	75
Ecuador	195	-
Egypt	-	122
Equatorial Guinea	703	-
Eswatini	828	-
Federal States of Micronesia	-	130
Gabon	130	-
Gambia	-	75
Georgia	227	82
Ghana	-	300
Grenada	409	-
Guatemala	-	316
Guyana	556	-
Haiti	390	215
Honduras	379	135
India	150	-
Indonesia	281	-
Iraq	334	-
Jamaica	327	120
Jordan	190	150
Kazakhstan	300	-
Kenya	216	-
Kiribati	146	-
Kyrgyz Republic	155	-
Lao PDR	527	150
Lesotho	188	-
Libya	130	-
Madagascar	178	-
Malaysia	593	-
Maldives	-	199
Mali	-	110
Mauritania	872	120
Mauritius	325	-
Mongolia	656	548
Montenegro	-	145
Morocco	150	330
Mozambique	120	-

NOTES TO THE FINANCIAL STATEMENTS

<i>(In '000 USD)</i>	2018	2017
Myanmar	452	-
Namibia	286	244
Nauru	130	-
Nepal	419	-
Niger	501	-
Niue	295	-
Oman	100	150
Northern Macedonia	246	-
Pakistan	79	125
Palestine	414	-
Panama	517	-
Papua New Guinea	220	-
Paraguay	573	-
Peru	366	-
Republic of Congo	501	-
Republic of Marshall Islands	400	-
Republic of Moldova	80	83
Rwanda	424	130
Saint Kitts and Nevis	309	-
Saint Lucia	60	-
Saint Vincent and the Grenadines	-	120
Senegal	-	260
Serbia	130	-
Seychelles	305	-
South Africa	195	-
South Sudan	152	-
Sudan	273	-
Tajikistan	150	-
Thailand	548	104
Timor-Leste	150	-
Togo	100	-
Tonga	140	330
Tunisia	-	250
Uruguay	492	185
Vanuatu	269	470
Vietnam	130	-
Zimbabwe	999	-
	28,931	8,164

NOTES TO THE FINANCIAL STATEMENTS

d) National Adaptation Plans (NAPs)

Details of National Adaptation Plan grants by country for the years ended December 31, 2018 and December 31, 2017 are as follows:

<i>(In '000 USD)</i>	2018	2017
Antigua and Barbuda	500	-
Armenia	385	-
Colombia	350	-
Kenya	779	-
Liberia	-	805
Nepal	-	465
Pakistan	675	-
Total	2,689	1,270

e) Project Preparatory Facility (PPF)

Details of Project Preparatory Facility grants by Implementing Partner for the years ended December 31, 2018 and December 31, 2017 are as follows:

<i>(In '000 USD)</i>	2018	2017
Caribbean Community Climate Change Centre (CCCCC)	363	-
Agency for Agricultural Development of Morocco (ADA)	557	-
Development Bank of Latin America (CAF)	1,078	-
Ministry of Environment - Rwanda (MINIRENA)	166	719
United Nations Development Programme (UNDP)	934	-
United Nations Environmental Programme (UNEP)	279	-
United Nations Office of Project Services (UNOPS)	584	-
World Meteorological Organization (WMO)	-	429
Total	3,961	1,148

NOTES TO THE FINANCIAL STATEMENTS

16. CONTINGENT LIABILITIES

Contingent liabilities for Readiness & Preparatory Support Programme, and Project Preparation Facility (PPF) as of December 31, 2018 and 2017 are analyzed below

a) Readiness & Preparatory Support Programme

<i>(In '000 USD)</i>	2018	2017
Approved	123,445	83,298
Disbursed as end of December **	(32,618)	(15,286)
Total Committed	90,827	68,012**

** In 2017, the amounts were split into Readiness Grants and National Adaptation Plans (NAPs) disbursements

b) Project Preparation Facility

<i>(In '000 USD)</i>	2018	2017
Funds approved	10,827	5,181
Disbursed as at end of December	(5,609)	(1,648)
Total Commitment	5,218	3,533

NOTES TO THE FINANCIAL STATEMENTS

c) Project Funding Decisions

The total value of projects approved by the GCF Board excluding lapsed projects is as below:

Board Meeting	Amount (In '000 USD)
11 th Board Meeting	145,825
13 th Board Meeting	256,614
14 th Board Meeting	745,549
15 th Board Meeting	165,175
16 th Board Meeting	766,018
18 th Board Meeting	392,859
19 th Board Meeting	1,091,515
21 st Board Meeting	1,031,194
22 nd Board Meeting	440,078
Disbursements for approved projects as at end of February 2019	(442,372)
Total	4,592,455

17. LEASE

Under the agreement between the Ministry of Strategy and Finance of the Republic of Korea, The Incheon Metropolitan City of the Republic of Korea and The Green Climate Fund signed on 8th October 2013, Incheon City provides to the Fund the use of premises free of payment of rental for the entire duration of the Fund's operation in Songdo.

NOTES TO THE FINANCIAL STATEMENTS

18. RELATED PARTIES

Related parties include the members of the board, board committees, senior management and close family members of the board, board committees and senior management. There was no loan to or from related parties outstanding as at 31 December 2018 and 2017. The Fund does not remunerate its Board members. All transactions with the board are made at terms equivalent to an arm's length transaction within the operational framework of the Secretariat.

Remuneration of key management for 2018 and 2017 is as below:

<i>(In '000 USD)</i>	2018	2017
Salaries	3,348	2,715
Retirement plan	603	489
Other Benefits	1,312	1,079
Termination benefits	34	-
Total	5,297	4,283

Annex II: Updated workplan of the Board for 2019

Issue	2019			2020
	B.22	B.23	B.24	
1. STRATEGY AND REPLENISHMENT				
Review of the performance of the GCF <i>Decision B.21/17</i>		Board consideration of the forward-looking performance review of the GCF <i>Decision B.21/17, para. (e), and B.21/18, para. (m)</i>		
GCF Strategic Plan <i>Decisions B.19/05, para.(c) and B.21/18, para. (t)</i>	Consideration of: <ul style="list-style-type: none"> A comprehensive report on the implementation of the GCF initial strategic plan of the IRM period (2015-2018); <i>(Decision B.21/18, para. (i)(i))</i> A synthesis of issues emerging from Board inputs on the update of the Strategic Plan, and commission work to review the Strategic Plan <i>(Decision B.21/18, para (u))</i> 		Board to adopt an updated strategic plan of the GCF <i>(Decision B.22/06, para. (d))</i>	
First formal replenishment process of the GCF[1] <i>(Decision B.21/18)</i>	<ul style="list-style-type: none"> Consideration of a strategic planning programming document outlining scenarios for the GCF's replenishment <i>(Decision B.21/18, para. (i)(iii))</i> 	<ul style="list-style-type: none"> Board to decide the period of the first replenishment <i>Decision B.21/18, para (g)</i> Board input to the draft updated policy for contributions to the GCF <i>(Decision B.21/18, para. (i)(ii))</i> 	<ul style="list-style-type: none"> Board to endorse the outcomes of the first formal replenishment <i>(Decision B.21/18, para (n), annex XVII, para. (b)(iv))</i> Consideration of a document outlining areas in the policies for contributions, standard 	

2019				2020
Issue	B.22	B.23	B.24	
			provisions and template contributions agreement that may be updated for the GCF's first replenishment period, including the conditions necessary to trigger subsequent replenishments; <i>(Decision B.21/18, para. (i)(ii))</i>	
2. FINANCIAL PLANNING AND BUDGET				
Financial planning and management of commitment authority for the remainder of the IRM <i>Decision B.21/14</i>	Consideration of a draft decision by the Budget Committee covering a set-aside for the operating costs of the GCF and foreign exchange commitment risk buffer for solvency risks for 2019 and 2020 <i>(Decision B.21/14, para. (f))</i>		<ul style="list-style-type: none"> Budget Committee report on the requirement and adequacy of the risk buffer <i>(Decision B.22/21, para. (c))</i> 	Consideration of an initial analysis of options to minimize the effects of currency fluctuations on the commitment authority of the GCF <i>(Decision B.21/14, para. (j))</i>
Workplans and administrative budgets[2]	<ul style="list-style-type: none"> Presentation of the draft unaudited financial statements for 2018 	<ul style="list-style-type: none"> Approval of the audited financial statements for 2018 	<ul style="list-style-type: none"> Approval of the work programme and administrative budget for 2020 	
3. OPERATIONAL MODALITIES OF THE FUND				
a. Review of the initial investment framework				

Issue	2019			2020
	B.22	B.23	B.24	
Review of the initial investment framework <i>Decision B.07/08, para.(d)</i>		<p>Review of the initial investment framework, including the follow matters</p> <ul style="list-style-type: none"> • Document mapping elements included in previous Board decision and in the Governing Instrument that can contribute to strengthening project and programme eligibility criteria <i>(Decision B.17/10, para. (b))</i> • Guidance and scope for providing support to adaptation activities <i>(Decision B.17/10, para. (c) (ii))</i> • Annual review of the scaling pilot (Paper provided for information, annexed to the B.23 Status of the GCF portfolio and pipeline paper) <i>(Decision B.10/17, para (e))</i> • Developing an incremental cost methodology <i>(Decisions B.17/10, para. (c) (i); and B.19/06, para. (d) (ii))</i> • Co-financing policy and co-financing arrangements 	<ul style="list-style-type: none"> • [Pending outcomes of B.23] • Steps to enhance the climate rationale of GCF-supported activities 	<ul style="list-style-type: none"> • Consideration of the annual review of the scaling pilot <i>(Decision B.10/17, para (e))</i> • Board to consider and provide further guidance on the Secretariat's recommendation on the consistency of conditions attached to funding proposal with the funds policies <i>Decision B.16/02, para. (l)</i>

Issue	2019			2020
	B.22	B.23	B.24	
		<p>with other financial institutions</p> <ul style="list-style-type: none"> • <i>(Decisions B.13/05; B.15/02; and B.17/10)</i> • Further guidance on concessionality, including the level of concessionality for the public sector <i>(Decisions B.12/17, paras. (a) and (b); B.17/10, para. (c) (iv); B.BM-2017/02; and B.19/06, para. (d) (ii))</i> • Policy guidelines on a programmatic approach <i>(Decisions B.13/09, para. (g); and B.14/07 para. (k))</i> 		
<p>Review of the financial terms and conditions of the GCF financial instruments[3] <i>(Decisions B.09/04, para. (h)), B.12/17, para. (c); B.15/05, para. (b); B.17/01, para. (b) (iii) and (xx); B.19/06, para. (d) (ii) and B.BM-2019/08)</i></p>		<p>Conclusion of the first annual review of the financial terms and conditions of the GCF financial instruments, including the outcomes of the Co-Chairs' consultations <i>(Decision B.BM-2019/08)</i></p>		
<p>Investment criteria indicators¹¹ <i>(Decisions B.09/05, paras. (c) and (d);</i></p>	<p>Consideration of a further developed proposal on investment criteria indicators <i>(Decision B.19/07, para. (b))</i></p>			

2019				2020
Issue	B.22	B.23	B.24	
<i>B.13/02; and B.19/07, para. (b) – Investment Committee)</i>				
b. Proposal approval process				
Proposal approval process <i>(Decisions B.07/03; B.11/11; and B.17/09, paras. (g), (m), (o) and (p))</i>	Consideration of a draft decision on a policy on restructuring and cancellation <i>(Decisions B.07/03, para. (e); and B.17/09, para. (p));</i>			Consideration of options for the development of a two-stage proposal approval process <i>(Decision B.17/09, para. (g))</i>
Simplified approval process <i>(Decision B.18/06)</i>			Review of the Simplified Approval Process Pilot Scheme <i>(Decision B.18/06, para. (b))</i>	
c. Risk management framework				
Development of the risk management framework <i>Decisions B.07/05, B.17/11, para. g); and B.21/04, para. (c)(i)</i>	Adoption of the compliance risk policy <i>(Decision B.17/11, para. (g))</i>	<ul style="list-style-type: none"> Adoption of the compliance risk policy <i>(Decision B.17/11, para. (g) - continued from B.22)</i> 	Adoption of the legal risk policy <i>(Decision B.17/11, para. (g))</i>	<ul style="list-style-type: none"> Review of the initial financial risk management framework <i>(Decision B.07/05, para.(f))</i> Adoption of risk rating models <i>(Decision B.17/11, para (f); and B.20/03, para. (b)(v))</i>
d. Results management framework				

2019				2020
Issue	B.22	B.23	B.24	
Results management framework <i>(Decisions B.08/07, para. (b); B.13/34; B.17/01 para. (b) (x); and B.19/06, para. (e) (iv)), B.22/12, para. (c) and B.22/13, para.s (b) and (c))</i>	IEU recommendations to improve the Results Management Framework <i>(B.19/21, para. (c), annex XXI, para. 5(c))</i>		Consideration of: <ul style="list-style-type: none"> The report on the implementation of the IEU recommendations <i>(Decision B.22/12, para. (c))</i> A proposal to respond to gaps in the current portfolio for measurement and evaluation design and/or evidence generation; <i>(Decision B.22/13, para. (c))</i> Revised results management framework and updated performance management frameworks <i>(Decision B.22/13, para. (b))</i> 	
e. Fund-wide policies				
GCF Gender and Social Inclusion Policy <i>(Decisions B.09/11; B.12/16; B.14/01, para. (g); B.BM-2017/02; and B.22/17)</i>	Adoption of an updated Gender Policy	Adoption of an updated Gender Policy <i>(Decision B.22/17 - Continuation from B.22)</i>		
4. PRIVATE SECTOR FACILITY MODALITIES				
PSF modalities <i>Decision B.07/08, para.(d)</i>		Review of the initial modalities of the Private Sector Facility including: <ul style="list-style-type: none"> Consideration of a Private sector strategy 	[Pending outcomes of B.23]	<ul style="list-style-type: none"> Mobilization of private sector finance to progress GCF forestry-related

2019				2020
Issue	B.22	B.23	B.24	
		<ul style="list-style-type: none"> • Consideration of modalities to support activities to enable domestic and international private sector actors to engage in GCF activities in LDCs and SIDS <i>(Decision B.19/18, para. (b), and B.20/03, para. (b)(vi))</i> • Consideration of PSAG recommendations to engage the private sector, including local actors, in adaptation action at the national, regional and international levels <i>(Decisions B.15/03, para. (i)(ii); B.17/06, para (d)(ii)); and B.21/04, para. (c)(ii)</i> • Review of the MSME pilot <i>(Decision B.10/11, para.(i); and</i> • Presentation of TOR for request(s) for proposals for the remainder of the allocation for the MSME pilot programme <i>(Decision B.13/22, para. (f))</i> • Review of the Mobilizing Funding at Scale pilot programme in order to address adaptation and 		<p>results areas[5] <i>(Decisions B.12/07, para. (f); B.BM-2017/02; and B.17/01, para. (b) (xxi))</i></p>

2019				2020
Issue	B.22	B.23	B.24	
		mitigation <i>(Decision B.10/11, para.(i))</i>		
5. ACCREDITATION MATTERS				
a. Accreditation framework				
Further development of the accreditation framework <i>(Decision B.18/04, para. (a) and (b); B.19/13, paras. (b) and (e) and B.22/16, para. (d) (Fast-tracking – decisions B.14/08, para. (d) (ii); B.17/01, para. (b) (xi); B.17/06, para. (e); and B.14/08, para. (f) (ii)); (Prioritization – decisions B.14/08, para. (d) (ii); and B.17/01, para. (b) (xi)); (Use of third-party evidence – decisions B.14/08, para. (e) (i); and B.17/01, para. (b) (xiii)))</i> <i>Adaptation Fund's Environmental and Social Policy – decision B.14/08, para. (e) (iii)</i>	Consideration of the full report on the review of the accreditation framework, including Baseline on the overall portfolio of accredited entities <i>(Decision B.19/13, paras. (b) and (e))</i>	Consideration of an updated accreditation framework, <i>(Decision B.19/13, paras. (b) and (e),and B.22/16, para. (d))</i>		

2019				2020
Issue	B.22	B.23	B.24	
b. Fiduciary standards and prohibited practices				
<p>Initial fiduciary standards and integrity policies (<i>Decisions B.07/02; B.12/31, para. (i); B.14/01, paras. (e) and (f); B.14/08, para. (f); B.18/10, para (b) and B.20/03, para. (b)(i), B.BM-2018/21, para. (c)</i>)</p>	<p>Adoption of fiduciary compliance and integrity policies/policies relating to prohibited practices, anti-money laundering and countering the financing of terrorism[1]</p> <ul style="list-style-type: none"> • Policy on Prohibited Practice* • Standards for the implementation of the AML-CFT policy* • Interim Policy on the protection from sexual exploitation, sexual abuse, and sexual harassment (applicable to Covered Individuals) * • (<i>Decisions B.14/01, para. (e); B.15/13, B.18/10, para (b), and B.20/03, para. (b)(i)</i>) 	<p>Adoption of fiduciary compliance and integrity policies/policies relating to prohibited practices, anti-money laundering and countering the financing of terrorism⁸</p> <ul style="list-style-type: none"> • Updated Policy on protection from sexual exploitation, sexual abuse, and sexual harassment (also applicable to Counterparties (<i>Decision B.22/18, para. (b)</i>) • Board consideration of a budget for the implementation of the Interim Policy on the protection from sexual exploitation, sexual abuse, and sexual harassment <i>Decision B.22/18, para. (c)</i> 		<p>Adoption of fiduciary compliance and integrity policies/policies relating to prohibited practices, anti-money laundering and countering the financing of terrorism⁸</p> <ul style="list-style-type: none"> • Policies on administrative sanctions and exclusions (<i>Decisions B.14/01, para. (e); and B.15/13, B.20/03, para. (b)(i), and B.22/19, para. (b)</i>) • Updated Policy on Prohibited Practices (<i>Decision B.22/19, para. (c)</i>) • Integration of policies relating to prohibited practices, anti-money laundering and countering the financing of terrorism in the interim fiduciary standards (<i>Decision B.14/01, para. (f), and B.BM 2018/21, para. (c)</i>)

2019				2020
Issue	B.22	B.23	B.24	
				<ul style="list-style-type: none"> Review of the initial fiduciary principles and standards* (Decision B.07/02, para. (b))
c. Environmental and social management system				
Environmental and social management system[7] (Decisions B.07/02, para. (n); and B.19/10)		Consideration of the approach to developing the GCF environmental and social safeguards standards* (Decision B.19/10, para. (c) and B.21/04, para. (c)(v))	Consideration of: <ul style="list-style-type: none"> IEU Assessment of GCF's environmental and social safeguards (ESS) including the Environmental and Social management system (ESMS) (Decision B.21/11, para. (a), Annex XII, para 5b - d - IEU 2019 work programme 	
d. Monitoring and accountability framework				
Monitoring and accountability framework (Decision B.11/10, para. (a), annex II)			Presentation of the annual portfolio performance report (Decision B.11/10, para. (a), and annex II, para. 9)	
6. COUNTRY PROGRAMMING AND READINESS				
Implementation of the Readiness and Preparatory Support Programme	<ul style="list-style-type: none"> Presentation of final report of the independent evaluation of the Readiness programme (B.19/16, annex xvii, Section IV para. (b)(iii)) 			

2019				2020
Issue	B.22	B.23	B.24	
<i>(Decisions B.06/11, para. (f); and B.19/15, para. (f))</i>	<ul style="list-style-type: none"> • Consideration of a proposal for improving the Readiness Programme based on the outcome of the conclusions of the Secretariat's initial review and of the independent evaluation of the Readiness Programme <i>(Decision B.19/15, para. (f))</i> • Consideration of a forward-budget and work programme of the Readiness Programme <i>(Decision B.21/14, para. (g))</i> <p><i>Readiness work programme to map way forward on:</i></p> <ul style="list-style-type: none"> • The annual assessment of the application of the country ownership guidelines <i>(Decision B.17/21, para. (c))</i> • The review of the Guidelines for enhanced country ownership and country drivenness; <i>(Decision B.17/21, para. (d));</i> • Review of the pilot programme to enhance direct access; <i>(Decision B.10/04, para. (a), Annex I)</i> 			
Country ownership			Board consideration of IEU's assessment of the Fund's	

2019				2020
Issue	B.22	B.23	B.24	
			success in ensuring country ownership <i>(Decision B.21/11, para. (a), Annex XII, para 5b - d - IEU 2019 work programme)</i>	
7. BOARD MATTERS				
a. Guidance from the COP				
COP guidance and reports <i>(Governing Instrument for the GCF, paras. 6 (a-c); decisions B.17/04, paras. (b) and (d); and B.19/02) (UNFCCC decision 5/CP.19)</i>	Incorporation of COP 24 guidance into the Board workplan	Approval of the eighth GCF report to the COP <i>[- to include the report of the COP 24 annual meeting with the UNFCCC thematic bodies; and updates related to complementarity and coherence with other funds]</i> <i>(Decisions B.13/11, para. (e); B.17/04, para. (b) & (d); and B.18/02, para. (c), B.18/03, para. (e))</i>	Consider Co-Chairs' proposal on privileges and immunities of the GCF <i>(UNFCCC decision 9/CP.23, para. 14, Decision B.19/02, para. (d); and B.21/04, para. (d))</i>	
b. Board workplans				
Workplan of the Board	Co-Chairs present an updated 2019 Board workplan for Board to adopt	Co-Chairs present an updated 2019 Board workplan	Adoption of the Board workplan for 2020	
c. Board-appointed officials				
Selection of the Executive Director[8] <i>Decision B.21/06</i>	Appointment of the Executive Director of the independent Secretariat			

2019				2020
Issue	B.22	B.23	B.24	
	<i>(Decision B.21/06, para. (c), annex VI),</i>			
Oversight of Board-appointed officials <i>(Decisions B.12/08; and B.15/02, para. (a), and B.22/04, para. (b), Annex II)</i>	Board to adopt the performance criteria and evaluation procedure of the Heads of the independent units <i>Decision B.13/16, para. (c); and B.17/12, para. (b)</i>	<ul style="list-style-type: none"> Board to adopt the performance criteria and evaluation procedure of the Heads of the independent units <i>(Decision B.13/16, para. (c); B.17/12, para. (b) and B.22/04, para. (b), Annex II)</i> Board to consider performance evaluation of the Heads of the Independent Units <i>(Decision B.22/04, para. (b))</i> 		
d. Committees, panels and groups				
Review of committees and panels <i>(Annexes XVI–XIX to decision B.05/13, and decision B.20/04, para. (b))</i>			Consideration of findings of the review of committees and panel	
Review of the TAP[10] <i>(Decision B.19/08)</i>				Review of the structure and operations of the TAP including: <ul style="list-style-type: none"> Presentation of a proposal to accommodate the increase in funding proposals from the

Issue	2019			2020
	B.22	B.23	B.24	
				<p>simplified approval process (<i>Decision B.19/08, para. (c)</i>);</p> <ul style="list-style-type: none"> • Analysis of options to accommodate the increased workload resulting from the higher number of funding proposals being processed, and an updated budget (<i>Decision B.19/08, para. (d)</i>); and • Review of the composition of the TAP upon finalization of the policies related to the proposal approval structure (<i>Decision B.19/08, para. (k)</i>) • Report on the implementation of decision B.19/08, including on: <ul style="list-style-type: none"> (i) Improvement of internal structures and processes;

Issue	2019			2020
	B.22	B.23	B.24	
				<i>(Decision B.19/08, para. (f)); and</i> (ii) Implementation of a periodic quality assurance process <i>(Decision B.19/08, para. (h))</i>
e. Observers				
Participation of observers <i>(Decisions B.01-13/03, annex XII, para. 17; B.05/23, para. (b); B.BM-2016/11; B.13/27, para. (b); and B.BM-2017/02)</i>				Consider the outcomes of the review of guidelines on Observer participation <i>(Decisions B.BM-2016/11; and B.BM-2017/02)</i>
Policies on ethics and conflicts of interest[11] <i>(Decisions B.09/03, para. (b); and B.13/27, para. (b))</i> <i>(Document GCF/B.16/23, para. 8)</i>		Adopt the Policy on ethics for active observers <i>(Decisions B.09/03, para. (b); and B.13/27, para. (b))</i>		
f. Decision-making				
Decision-making between Board meetings <i>Decisions B.12/12, para. (a), B.15/02, para. (a),</i>	Board to consider outcome of Co-Chairs' consultations	Board to consider outcome of Co-Chairs' consultations <i>(Continuation from B.22)</i>		

Issue	2019			2020
	B.22	B.23	B.24	
<i>B.17/09, para. (m) and B.18/06, para. (c)(ii)</i>				
Decision-making in the absence of consensus <i>Decisions B.01-13/01, para. (l), B.08/14, para. (b), B.12/11, para. (a) and B.15/02, para. (a)</i>	Board to consider outcome of Co-Chairs' consultations	Board to consider outcome of Co-Chairs' consultations <i>(Continuation from B.22)</i>		
8. INDEPENDENT UNITS				
Independent Integrity Unit	Presentation of the annual report of the Unit for 2018		Approval of the workplan and budget for 2020	
Independent Evaluation Unit			<ul style="list-style-type: none"> Approval of the evaluation policy <i>(Decision B.06/09, para. (a), annex III, para. (5); and B.16/07, para. (c))</i> Presentation of the annual report of the Unit for 2019 Approval of the workplan and budget for 2020 	<ul style="list-style-type: none"> Board to consider IEU evaluation on Learning-Oriented Real-Time Impact Assessment (LORTA) program – A report on baseline findings on selected project <i>(Decision B.21/11, para. (a), Annex XII, para 5b - d - IEU 2019 work programme)</i>
Independent Redress Mechanism	<ul style="list-style-type: none"> Adoption of detailed guidelines and procedures of the IRM <i>(Decision B.13/24, para. (b); and B.21/04, para. (c)(iii))</i> Presentation of the annual report of the Unit for 2018 	Presentation of two advisory/learning reports from the IRM	<ul style="list-style-type: none"> Approval of the workplan and budget for 2020 	<ul style="list-style-type: none"> Options to facilitate the Board's consideration of reports from the Independent Redress Mechanism <i>(Decision B.22/22, para. (d))</i>

2019				2020
Issue	B.22	B.23	B.24	
9. ADMINISTRATIVE MATTERS				
Administrative guidelines (<i>Decision B.06/03, annex I</i>)	Revised administrative guidelines on human resources			<ul style="list-style-type: none"> Revised Legal Framework on Human Resources, including the review of salary scales and benefits and allowances (<i>Decision B.22/20, para. (a) & (b)</i>)

*Denotes matters required to be consulted with Accredited Entities prior to their being presented to the Board for adoption (Clause 32.04 of tgw template AMA adopted by decision B.12/31 (Annex XXVI))

10. MATTERS TO BE ADDRESSED AT EACH BOARD MEETING	
Approvals	<ul style="list-style-type: none"> Consideration of funding proposals Consideration of accreditation proposals
Co-Chairs' report, consultations and standing matters	<p>The Co-Chairs will report to each meeting on the status of consultations and will bring those matters to the attention of the Board as appropriate.</p> <p>The report on the activities of the Co-Chairs will include status updates on:</p> <ul style="list-style-type: none"> The revised workplan following B.22 and B.23; Board decisions proposed between meetings; and Election of Co-Chairs (last Board meeting of the year)
Board committee, panel and group Reports	<p>Reports of the (i) Accreditation Committee; (ii) Accreditation Panel; (iii) Budget Committee; (iv) Ethics and Audit Committee; (v) Investment Committee; (vi) Private Sector Advisory group; (vii) Risk Management Committee; (viii) Technical Advisory Panel; (ix) Executive Director Selection Committee; and (x) Board representative group to the replenishment process</p>
Secretariat matters	<ul style="list-style-type: none"> Report on the activities of the Secretariat, outlining the status of implementation of the Secretariat's work programme for 2018; Actions taken to include gender considerations in the activities of the GCF (<i>Decision B.12/20, para. (d)</i>); Legal and formal arrangements with accredited entities; Status of the GCF portfolio and pipeline including status of the implementation of the policy on restructuring and cancellation (<i>Decisions B.11/11; and B.13/21, para. (d)(ix) and B.22/14, para. (c)</i>); and status report on the PPF requests received (<i>Decisions B.13/21, para. (d)(ix); B.13/21, para. (f); and B.17/01, para. (b)(xiv)</i>);

10. MATTERS TO BE ADDRESSED AT EACH BOARD MEETING	
	<ul style="list-style-type: none"> • Status of the GCF portfolio: approved projects and fulfilment of conditions (<i>Decision B.14/07, paras. (i) and (j)</i>); • Status of the initial resource mobilization process; • Report on the execution of the administrative budget • Progress report on the implementation of the Readiness work programme, including the status of NAPs (<i>Decision B.06/11, para. (f)</i>); and • Consolidated Board document on all information reports (<i>Decision B.18/12, para. (b)</i>)
Independent unit reports	<ul style="list-style-type: none"> • Reports of the independent units (<i>including Independent Evaluation Unit report – decision B.19/21, para. (d)</i>) • Report of the independent appeals panel
Other procedural agenda items	<ul style="list-style-type: none"> • Adoption of the agenda; • Adoption of the report of the previous meeting; • Reports from Board committees, panels and groups; • Dates and venues of the following meetings of the Board (<i>Decision B.17/24, para. (c)</i>); and • Report of the meeting

Abbreviations: B.18–24 = eighteenth to twenty-fourth meetings of the Board, COP = Conference of the Parties to the United Nations Framework Convention on Climate Change, LDCs = least developed countries, MSME = micro, small and medium-sized enterprise, NAP = national adaptation plan, PMFs = Performance Measurement Frameworks, PPF = Project Preparation Facility, PSAG = Private Sector Advisory Group, SIDS = small island developing States, RMF = Results management framework, TAP = independent Technical Advisory Panel, TOR = terms of reference, UNFCCC = United Nations Framework Convention on Climate Change.

*Denotes matters required to be consulted with Accredited Entities prior to their being presented to the Board for adoption (Clause 32.04 of tgw template AMA adopted by decision B.12/31 (Annex XXVI))

Matters to be addressed in relation to the strategic plan, and outcomes of the replenishment process	
Portfolio alignment and investment priority areas <i>(Decisions B.09/02, para. (b); and B.17/08, para. (b))</i>	Findings of the additional analysis of potential investment priority areas to identify specific results areas where targeted GCF investment would have the most impact <i>(Decision B.17/08, para. (b))</i>
Support for technology <i>(Decisions B.18/03, para. (c) and B.20/03, para. (b)(ii))</i> <i>(UNFCCC decision 7/CP.21, para. 22)</i>	Presentation of the TOR for a request for proposals to support climate technology incubators and accelerators <i>(Decision B.18/03, para. (c))</i>
REDD-plus <i>Decision B.18/07</i>	Consideration of an analysis of the experience with, and the progress made towards achieving the objectives of the pilot programme for REDD-plus results-based payments <i>Decision B.18/07, para. (f)</i>
Alternative policy approaches <i>(Decisions B.12/07, para. (e); B.14/01, para. (e); and B.17/01)</i>	Consideration of alternative policy approaches for the integral and sustainable management of forests

<i>(UNFCCC decisions 10/CP.22, para. 4; and 7/CP.21, para. 25)</i>	
Complementarity and coherence (<i>Decisions B.13/12, para. (c); and B.17/04, para. (b)</i>) <i>(UNFCCC decisions 7/CP.21, para. 26; and 7/CP.20, para. 16)</i>	<ul style="list-style-type: none"> • Updated operational framework on complementarity and coherence for 2019 –2020 (<i>Decision B.20/05, para. (e)</i>)

Matters to be taken up by the Secretariat, with the proviso to bring any recommendations requiring Board attention back to the Board	
Defining the nature, scope and extent of second-level due diligence by the Secretariat <i>(Decisions B.17/09, para. (o), and B.20/03, para. (b)(iv))</i>	Defining the nature, scope and extent of second-level due diligence by the Secretariat <i>(Decisions B.17/09, para. (o), and B.20/03, para. (b)(iv))</i>
Communications strategy <i>(Decisions B.01-13/05, para. (c); B.04/14, para. (c); B.13/25, para. (f); and B.17/01, para. (b) (ii))</i>	Adoption of a communications strategy <i>(Decisions B.13/25, para. (f); B.17/01, para. (b) (ii); and B.19/17, para. (b))</i>
Information disclosure policy <i>(Decisions B.12/35, paras. (b) and (g); annex XXIX, para. 28; B.17/01, para. (b) (xvii); and B.18/01, para. (g) and B.21/04, para. (c)(iv))</i>	Review of the live webcasting service for formal meetings of the Board <i>(Decision B.BM-2018/07, para. (b) and B.21/04, para. (c)(iv))</i>
Administrative guidelines <i>(Decision B.06/03, annex I and B.12/39, para. (a); and B.17/01, para. (c))</i>	<ul style="list-style-type: none"> • Administrative guidelines on information communication and technology • Reviewed administrative guidelines on procurement <i>(Decisions B.12/39, para. (a); and B.17/01, para. (c))</i>
Information disclosure policy <i>(Decisions B.12/35, paras. (b) and (g); annex XXIX, para. 28; B.17/01, para. (b) (xvii); and B.18/01, para. (g) and B.21/04, para. (c)(iv))</i>	<ul style="list-style-type: none"> • Review of the Information Disclosure Policy <i>Decision B.12/35, paragraph (a), annex XXIX, paragraph 41</i> • Presentation of recommendations on the review of the relevant disclosure requirements once the environmental and social management system is developed (<i>Decision B.12/35, para. (b)</i>)
Travel policy for the GCF ¹ <i>(Decisions B.12/13, and B.15/02)</i>	Adoption of a travel policy for the GCF

¹ Co-Chairs

Annex III: Procedures for adopting decisions in the event that all efforts at reaching consensus have been exhausted

I. Introduction

1. In accordance with paragraph 14 of the Governing Instrument for the GCF, decisions of the Board will be taken by consensus of the Board members.
2. These procedures (the “Procedures”) shall only apply:
 - (a) In the event that all efforts at reaching consensus in respect of a particular draft decision have been exhausted, as determined in accordance with section III below; and
 - (b) To the extent provided for in section IV below.
3. For the avoidance of doubt, paragraph 10 of the Governing Instrument applies to these Procedures.

II. Efforts to exhaust consensus

4. In order to support decision-making by the Board, the development of draft decisions and related documents shall be undertaken in an open, inclusive, consultative and transparent manner.
5. Board members and alternate members shall be consulted on draft decisions and related documents to be considered by the Board prior to their publication, and comments received from such Board members and alternate members shall be taken into account when such draft decisions and related documents are being finalized for publication in accordance with paragraph 21 of the Rules of Procedure of the Board.
6. Efforts to reach consensus could also include the option for the Co-Chairs or the Board to request a small group of Board and/or alternate members to undertake consultations between meetings of the Board on a specific matter with a view to providing inputs for the development and/or refinement of relevant draft decision and related draft documents, as referred to above.
7. Efforts to reach consensus during a Board meeting may include, but are not necessarily limited to, the following procedures:
 - (a) The Co-Chairs consulting with all Board members and alternate members on the relevant matter during a Board meeting; and/or
 - (b) Board members stating their reservation with a particular decision without preventing consensus from being reached; and/or
 - (c) Board members disassociating from a particular decision by stating their reservation therewith, without preventing consensus from being reached; and/or
 - (d) Board members requiring that their position on the relevant matter be formally recorded in the report of the relevant meeting; and/or
 - (e) Board members electing not to join the consensus by being absent from the Boardroom.

III. Determination

8. The Co-Chairs, acting jointly and in good faith, shall determine whether all efforts at reaching consensus in respect of a particular draft decision have been exhausted, following consultations with all Board members and alternate members.
9. In making such a determination the Co-Chairs shall take into consideration, as relevant:
 - (a) Whether consultations on the relevant matter have occurred during and/or between Board meetings, in accordance with section II above, including between the Co-Chairs and/or relevant members and, as appropriate, the Secretariat, independent units, and/or relevant committee or group, without consensus being reached, and the extent of those consultations;
 - (b) Whether the subject matter of the draft decision has been considered at prior Board meetings without consensus being reached; and
 - (c) Whether, and how many, members of the Board have indicated that they cannot join consensus on an issue, notwithstanding other means of registering their position without preventing consensus from being reached.
10. In addition, when making such determination, the Co-Chairs shall take into account whether a decision on the relevant matter is urgent or necessary to safeguard the interests or reputation of the GCF, or to ensure the continued operations of the GCF.
11. If a question arises as to whether all efforts at reaching consensus in respect of a particular draft decision have been exhausted, in accordance with these Procedures, the Co-Chairs will, acting jointly, make a determination. If there is an objection to such determination, the determination as to whether all efforts at reaching consensus have been exhausted shall be put to a vote in accordance with the voting procedures and shall be deemed to be confirmed if at least four-fifths of Board members present and voting vote in favour of such determination.

IV. Scope of the Procedures

12. These Procedures shall not apply to:
 - (a) Any policy decision on financial instruments and/or financial terms that excludes a certain developing country or countries from accessing any financial instruments and/or financial terms available through the GCF;
 - (b) Any decision to amend these Procedures;
 - (c) Any decision to recommend an amendment to, or that conflicts with, the arrangements between the GCF and the Conference of the Parties;
 - (d) Any decision proposed for approval between meetings in accordance with paragraphs 41–44 of the Rules of Procedure, unless otherwise permitted pursuant to those Rules;
 - (e) Any decision related to moving and/or selecting the Headquarters of the GCF;
 - (f) Any decision pursuant to paragraph 72 of the Governing Instrument;
 - (g) Any decision to amend the Rules of Procedure; and
 - (h) Any contributions policy that allows for geographic or sectoral restrictions.
13. In respect of any other decision, where pursuant to section III above it has been determined that all efforts to reach consensus have been exhausted:

- (a) The provisions of section VI shall apply to any decision pursuant to which the Board appoints any Board-appointed official; and
- (b) The provisions of section V shall apply to any other decision which is duly put to the Board.

V. Voting procedure

14. Where this section V applies, promptly following the determination that all efforts to reach consensus have been exhausted, the Co-Chairs shall announce the start of the formal voting process.

15. Prior to any votes being cast, the Co-Chairs shall provide a hard copy of the draft decision to each Board member. Such draft decision shall be the version of the decision (including annexes, if any) that, in the Co-Chairs' judgment, was supported by the greatest number of Board members.

16. The Co-Chairs retain their right to vote when formal voting procedures are being used, and the alternate members of the Co-Chairs shall not be entitled to vote.

17. Each Board member shall be entitled to one vote.

18. Votes shall be cast by each Board member simultaneously using voting facilities installed or made available in the Boardroom. Board members shall vote in favour or against the draft decision, or indicate that they are abstaining from the vote.

19. While votes are being cast, no one shall be permitted to intervene until the results of the vote have been announced, unless an issue is raised by a Board member in connection with the process of voting.

20. Votes cast shall be tallied by the Executive Director and announced by the Co-Chairs.

21. If at least a four-fifths majority of Board members present and voting vote in favour of the draft decision, the draft decision shall be considered adopted, unless four or more developed country Board members or four or more developing country Board members vote against it.

22. Board members may, after the results of a vote have been announced, make a brief statement to explain their vote.

23. Votes cast by each Board member participating in a vote shall, unless otherwise agreed by the Board on a case-by case basis, be recorded in the report of the meeting, together with any statements they may have made prior to or after the vote.

24. Decisions adopted by the Board pursuant to these Procedures shall be reflected in the compendium of decisions as decisions adopted pursuant to a vote, indicating the final tally of votes, but not the associated Board member(s).

VI. Procedure for confidential balloting

25. Where this section VI applies, the Co-Chairs shall announce that the matter shall be resolved via a formal confidential balloting process under which confidential ballots shall be cast in rounds of balloting.

26. Balloting shall take place as soon as practicable following the determination that all efforts at reaching consensus have been exhausted, noting the need to arrange for the participation of independent observers. It shall take place in a closed setting and be presided

over by the Secretary to the Board. Presence in the room shall be limited to those needed for the conduct of balloting.

27. All Board members shall be entitled to participate in the balloting process. Each such member shall be entitled to one ballot in each round of balloting.
28. Before the first round of balloting takes place, the Co-Chairs shall propose, and seek the agreement of the Board on, how the rounds of balloting shall take place.
29. For each round, ballots shall be counted in the presence of independent observers.
30. The count of ballots shall not be revealed to the Board at any time.
31. While ballots are being cast, no one shall be permitted to intervene until the balloting round has been completed, unless an issue is raised by a Board member in connection with the process of balloting.
32. If more than two options are being considered by the Board in the balloting process, in each round the option with the least support shall be eliminated from subsequent rounds of balloting.
33. Balloting shall continue until at least two-thirds of all ballots cast in a single round of balloting support one of the options being considered by the Board.
34. The outcome identified in paragraph 33 shall be put to the Board for confirmation by consensus.

Annex IV: Report of the Performance Oversight Committee of the Heads of Independent Units to the Board

This annex was distributed to the Board on a limited distribution basis.

Annex V: Policy on Ethics and Conflicts of Interest for Active Observers of the Green Climate Fund

I. Scope, purpose, and applicability

1. This Policy on Ethics and Conflicts of Interest for Active Observers of the Green Climate Fund sets out principles and ethical standards for the effective participation of the Active Observers in the meetings of the Board of the Fund. The Governing Instrument for the Fund specifies that the Board will invite two civil society representatives and two private sector representatives, to participate in its meetings as Active Observers.
2. As the Active Observers may, upon invitation of the Co-Chairs, participate in meetings of the Board and receive, in accordance with applicable rules and procedures and with the Fund's disclosure policies, Board meeting documents, this Policy has been adopted by the Board to provide guidance on matters of professional and personal behaviour of Active Observers, in connection with their participation in the meetings of the Board.
3. The Policy is in furtherance of the general principle set out in the Governing Instrument that the Fund shall operate in a transparent and accountable manner guided by efficiency and effectiveness.
4. The Policy acknowledges the role that Active Observers play in ensuring the transparency and accountability of the Fund's operation, and underpins the willingness of the Board to promote the input and participation of stakeholders throughout this process with a view to strengthening the role that they will play.

II. Definitions

5. For the purposes of the Policy, the following terms shall have the meaning set out below:
 - (a) **Active Observers** means the four representatives, comprising two from developed and two from developing countries referred to in paragraph 16 of the Governing Instrument and paragraphs 2(a) and 37 of the Rules of Procedure of the Board, invited by the Co-Chairs, in consultation with the Board, to participate as active observers of the Board;
 - (b) **Associated Institution** means:
 - (i) Any entity, agency, organization, corporation, administration or similar institution in which a Covered Individual is serving as an officer, director, shareholder, person with an ownership interest, Stakeholder, trustee, business partner or employee or for which the Covered Individual is working as consultant, that receives or may reasonably be expected to receive directly or indirectly funding from the Fund or with which the Fund has, either directly or through an intermediary, a formal agreement, contract or memorandum of understanding;
 - (ii) Any entity, agency, organization, corporation or administration with whom a Covered Individual is applying for, or negotiating to have, an arrangement concerning employment or consultancy, that receives directly or indirectly funding from the Fund or with which the Fund has, either directly or through an intermediary, a formal agreement, contract or memorandum of understanding;
 - (c) **Board** means the Board of the Fund;

- (d) **Co-Chairs** means the two co-chairs elected by the Board;
- (e) **Confidential Information** means information that is marked as proprietary and/or confidential and excludes information obtained from a third party by the Covered Individual without a breach of confidentiality or in the public domain;
- (f) **Covered Individuals** means the Active Observers referred to in paragraph 16 of the Governing Instrument and paragraphs 2(a) and 37 of the Rules of Procedure of the Board;
- (g) **Ethics and Audit Committee** means the committee of the Board established by decision B.05/13, paragraph (e);
- (h) **Executive Director** means the executive director of the Fund Secretariat as referred to in paragraph 20 of the Governing Instrument;
- (i) **Fund** means the Green Climate Fund;
- (j) **Fund-related Activity** means any activity which is financed, administered or supported by the GCF, either by its own resources or those of others, or any activity that materially affects or may materially affect or otherwise be relevant to the Fund;
- (k) **Gift** means any gratuity, favour, discount, entertainment, hospitality, loan, forbearance, honorarium or other item having monetary value but does not include funding received during the normal course of operations of active observers' organizations and disclosed in accordance with this Policy. Gifts include services as well as gifts of training, transportation, local travel, lodgings, and meals, whether provided in-kind, by purchase of a ticket, payment in advance, or reimbursement after the expense has been incurred;
- (l) **Governing Instrument** means the Governing Instrument for the Fund;
- (m) **Harassment** means unwelcome verbal or physical behaviour that unreasonably interferes with work or creates an intimidating, hostile or offensive work environment;
- (n) **Immediate Family Members** means a Covered Individual's spouse, domestic partner recognized under law and dependents;
- (o) **Policy** means this policy on ethics and conflicts of interest for Active Observers of the Green Climate Fund;
- (p) **Prohibited Practices** means any of the following practices in relation to Fund-related Activities:
- (i) **Corruption or Corrupt practice** means the promise, offering, giving, receiving, or soliciting, directly or indirectly, anything of value (including but not limited to gifts, gratuities, entertainments, favours, invitations, and benefits of any kind) or any undue advantage, or any act or omission that involves the abuse of authority or functions, for the purpose of influencing or to causing to influence improperly the actions of another party, or for the purpose of obtaining an undue advantage for oneself or for another party;
 - (ii) **Fraud or Fraudulent practice** means any act or omission, including misrepresentation or concealing material fact, that knowingly or recklessly misleads, or attempts to mislead, a party for the purpose of obtaining a financial or other undue advantage for oneself or for a third party, or to avoid an obligation;
 - (iii) **Coercion or Coercive practice** means the impairing or harming, or threatening to impair or harm, directly or indirectly, any party or the property of the party for the purpose of improperly influencing the actions of a party;

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- (iv) **Collusion or Collusive practice** means an arrangement between two or more parties designed to achieve an improper purpose, including for the purpose of improperly influencing the actions of another party;
- (v) **Obstructive practice** includes:
- (1) Deliberately destroying, falsifying, altering, concealing, or unreasonably withholding evidence or other requested information, documents or records, which are material to a Fund investigation;
 - (2) Making false statements to investigators in order to materially impede a Fund investigation;
 - (3) Threatening, harassing, or intimidating any party to prevent it from disclosing its knowledge of matters relevant to a Fund investigation or from pursuing a Fund investigation; or
 - (4) Materially impeding the Fund's contractual rights of audit or access to information;
- (vi) **Abuse** means theft, misappropriation, waste or improper use of property or assets related to a Fund-related Activity, either committed intentionally or through reckless disregard;
- (vii) **Money Laundering**² is as more clearly defined in Clause 12 (g) of the GCF AML/CFT Policy and refers to : (a) the conversion or transfer of property, knowing that such property is derived from the crime, for the purpose of concealing or disguising the illicit origin of the property or of assisting any person who is involved in the commission of the crime to evade the legal consequences of his or her actions; (b) the concealment or disguise of the true nature, source, location, disposition, movement, rights with respect to, or ownership of or rights with respect to property, knowing such property is derived from crime; or (c) the acquisition, possession or use of property knowing at the time of receipt such property was derived from a criminal offence;
- (viii) **Retaliation against Whistleblowers or Witnesses** means any detrimental act, direct or indirect, recommended, threatened or taken against a Whistleblower or Witness (as such terms are defined in the relevant GCF policy), or person associated with a Whistleblower or Witness, because of his or her report of suspected Wrongdoing or cooperation with a Fund investigation by the Whistleblower or Witness; and
- (ix) **Financing of Terrorism or Terrorist Financing** is defined as the commission of any offence as set out in Article 2 of the International Convention for the Suppression of the Financing of Terrorism.
- (q) **Secretary to the Board** means the staff member of the Secretariat of the Fund serving as secretary to the Board; and
- (r) **Stakeholder** means a person having a proprietary or economic interest in an entity.

² Based on definitions used in the Interim Policy, as elaborated in the AML/CFT Policy (decision B.18/10).

III. Basic standard of conduct

6. Amongst accredited observers, only the Covered Individuals are allowed to participate in the meetings of the Board. The opportunity of such attendance carries certain responsibilities. It is the duty of each Covered Individual to maintain the highest standards of integrity and ethics in their personal and professional conduct, to comply with this Policy and all policies of the Fund as and when in effect and all laws, rules, and regulations to which he or she is subject.

7. In order to reflect the importance of the Policy and the obligations contained in it, Covered Individuals shall, upon nomination as an Active Observer and being invited to participate in meetings of the Board and prior to attending every subsequent Board meeting, read and sign the Declaration of Confidentiality and Conflicts of Interest for Active Observers, a template of which is contained in Appendix I to the Policy, to be deposited with the Secretary to the Board.

8. Covered Individuals shall, in their interactions with others, act with tolerance, sensitivity, and respect for cultural differences. Any form of discrimination based on any ground, such as gender, race, colour, national, ethnic or social origin, language, religion or belief, membership of a national minority, disability, age or sexual orientation shall be against the Policy.

9. Covered Individuals shall abide by the following standards of conduct:

- (a) Covered Individuals shall in good faith seek not to act in a manner that undermines the objectives and guiding principles of the Fund. In particular, Covered Individuals shall refrain from engaging in Prohibited Practices or Harassment;
- (b) Covered Individuals must not encourage anyone to take any actions in violation of paragraph 9(a) above or to engage in any Prohibited Practice or Harassment; and
- (c) Covered Individuals must disassociate themselves from, and report to the Ethics and Audit Committee, any suspected misconduct in connection with the Fund or the activities of the Fund, including those actions that violate paragraph 9(a) above or constitute any Prohibited Practice and/or Harassment, when it comes to their attention, in accordance with the procedure set out in section V below.

IV. Participation at the meetings

10. When participating in board meetings as an Active Observer, the Covered Individuals will focus their interventions on the merits of the subject-matter under discussion and shall in good faith act in furtherance of the objectives and guiding principles of the Fund.

11. Covered Individuals shall in the view of the Board not interfere with Board members, alternate Board members, their advisers, invited experts, other observers or the Secretariat, in any way which may hinder the work of the Board or the Fund.

12. Covered Individuals shall consistently attend Board meetings. However, they shall not attend any executive sessions of the Board unless explicitly invited by the Co-Chairs, in consultation with the Board. They may attend as observers the meetings of a Board committee or working group in special circumstances and if expressly authorized by the Board or the relevant Board committee or working group.

V. Non-compliance with the Policy

13. Alleged breaches of a provision of the Policy by a Covered Individual shall be referred to the Ethics and Audit Committee.
14. The Ethics and Audit Committee shall afford such Covered Individual an opportunity to explain the alleged breach of the Policy.
15. The Covered Individual who is alleged to have violated the Policy will be informed in writing and will be provided the opportunity to present his or her views of the alleged violation to the Ethics and Audit Committee who will then make a recommendation to the Board on action to be taken against the Covered Individual. Pending the assessment of the alleged violations, the Covered Individual shall follow any measures that the Ethics and Audit Committee may determine to be taken on a temporary basis which may include placement of limits on their participation in the meetings or suspension. Non-compliance with this Policy may lead the Board to exclude such Covered Individual from the meeting in question and potentially from future meetings of the Board. The corresponding observer constituency may subsequently be requested to consider a replacement.
16. A Covered Individual against whom action has been taken pursuant to paragraph 15 above may appeal that action to the Board.

VI. Conflicts of interest

17. A conflict of interest arises when a Covered Individual has an interest, which may include but is not limited to a financial interest, that could, or reasonably could be perceived to, improperly influence the performance of her or his conduct as an Active Observer. It is acknowledged, however, that Covered Individuals are serving in a representative capacity of the broad group of civil society or private sector organizations, as the case may be, which themselves may have inherent interests in the outcome of issues before the Board. The Covered Individuals shall inform the accredited observer organizations and the broader group of civil society or private sector organizations they represent of this Policy in order to avoid the Covered Individuals from being put in breach of this Policy.
18. In general, and without limitation, conflicts of interest may be deemed to exist in the following situations:
 - (a) Where a Covered Individual's interests, or the interests of an Immediate Family Member or Associated Institution (other than the civil society or private sector organizations the Covered Individual is representing) could affect the conduct of his or her participation in the meetings of the Board or result in a reasonable perception that a conflict of interest exists; and
 - (b) Where the Covered Individual's actions create the perception that the Covered Individual is using his or her position at the Fund for his/her personal benefit or for the benefit of an Immediate Family Member or an Associated Institution.
19. If there is doubt whether a conflict, actual, apparent or perceived, exists, the Covered Individual concerned shall promptly refer the matter to the Chair of the Ethics and Audit Committee for guidance.
20. 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, upon nomination as an Active Observer and being invited to participate in meetings of the Board, submit to the Secretary to the Board 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 review the declaration but shall not make this list publicly available. Where a specific case of a conflict of interest arises the Ethics and Audit Committee will disclose it to the full Board and to the Executive Director.

21. Each Covered Individual shall:
 - (a) Exercise personal discretion in deciding whether he or she has an actual or perceived conflict of interest with respect to any matter under consideration by the Board; and
 - (b) Remain committed to observing, developing and implementing the principles embodied in this Policy in a conscientious, consistent and rigorous manner.

VII. Procedure when a conflict of interest arises

22. Covered Individuals must make a timely and full disclosure in any situation where they have a conflict of interest or where an appearance of a conflict of interest may reasonably be perceived. If a conflict of interest or the appearance of a conflict of interest arises, the Covered Individuals should take action, as appropriate, to address the conflict.

23. As a matter of principle, Covered Individuals shall disclose to the Head of the IIU and the Chair of the EAC any actual or perceived conflict of interest they may have in relation to any items on the agenda of Board meetings. Unless the EAC, in consultation with the Head of the IIU, directs otherwise, the Covered Individual shall be recused from participating in discussions of that item. A recused Covered Individual shall refrain from attempting to exert personal influence in connection with the issue being discussed or decided.

24. All actual or potential conflicts of interest or the reasonable appearance thereof that are not addressed through the recusal of the Covered Individual shall be immediately disclosed in writing to the Ethics and Audit Committee. In addition, any official of the Fund or any individual or entity may bring an actual or potential conflict of interest of a Covered Individual to the attention of the Ethics and Audit Committee.

25. The Ethics and Audit Committee shall promptly review these disclosures or any alleged conflicts of interest communicated to it and determine whether an actual or potential conflict of interest exists and, if so, whether to issue a waiver defining the extent to which such a Covered Individual may participate in any discussion of the issue that has given rise to the conflict, or to take any other action to manage, reduce, or eliminate the conflict. The Ethics and Audit Committee may also bring any conflicts of interest issue to the Board for further consideration and decision.

26. When it is determined by the Ethics and Audit Committee that an actual or potential conflict of interest exists, the Covered Individual shall not participate in the matter that has given rise to the conflict absent a waiver from the Ethics and Audit Committee or, if the matter has been referred to the Board, from the Board, and shall follow any other relevant direction given by the Ethics and Audit Committee or the Board.

VIII. Documentation of conflicts

27. The existence and resolution of the conflict of interest must be documented in the proceedings and/or report of the Board meeting at which such conflict of interest or an appearance of a conflict of interest arose.

IX. Transparency and disclosure of information

28. Covered Individuals explicitly acknowledge that they may have access to information regarding the Fund and its operations that is deemed confidential according to the Fund's information disclosure policies and agree that they shall at all times respect the confidentiality of such information, and shall not disclose such information to anyone or use for the purpose of furthering their personal interest or the personal interest of any other person or entity for whom or which such information is not intended. The Covered Individuals shall comply with the information disclosure policies of the Fund. Covered Individuals shall not seek access to any documents containing confidential information or documentation relating to any agenda item where their participation is excluded.

29. Covered Individuals shall not disclose, both during and after their term of office, Confidential Information obtained from the Fund and/or project participants, without the written consent of the Fund and/or the provider of the information. If a Covered Individual believes that Confidential Information may have been improperly disclosed, he or she shall promptly inform the Ethics and Audit Committee and the Executive Director.³

30. Covered Individuals shall consult the Executive Director if they have doubts as to whether certain information is deemed confidential.

X. Gifts and entertainment

31. All Covered Individuals and their Immediate Family Members are prohibited from accepting Gifts under circumstances where it could reasonably be construed that the Gift is motivated by the position of the Covered Individual in relation to the Fund and interests that could be substantially affected by the Fund.

32. All Covered Individuals and their Immediate Family Members are prohibited from giving Gifts where it could reasonably be construed that the Gift is intended to affect the policies or practices of the Fund or any of the programmes it funds.

33. Covered Individuals shall disclose any funding received during the normal course of operations of active observers' organizations to the Ethics and Audit Committee.

XI. Employment by the Secretariat

34. Any Covered Individual and Immediate Family Member shall not be eligible for employment by the Secretariat, including as a consultant, until one and a half years following the last date of service of the Covered Individual in the relevant position. The Board may waive this provision upon recommendation from the Ethics and Audit Committee. A request for such a waiver must be submitted by the individual concerned to the Ethics and Audit Committee before he or she applies for employment by the Secretariat. The Secretariat shall not take action on or accept an application for employment from such an individual unless a waiver has been granted by the Board.

³ The Executive Director is to be informed promptly in order to manage any potential liability towards third parties to whom the Fund has confidentiality obligations, for example under a non-disclosure agreement.

XII. Review and amendment

35. The Board shall keep the Policy under regular review and, on the recommendation of the Ethics and Audit Committee, amend the Policy, as necessary, to ensure that the highest ethical standards are applied to the Covered Individuals.

XIII. Effective date

36. The Policy shall come into effect upon adoption by the Board and shall remain in effect until amended or superseded by the Board.

37. Covered Individuals who have Active Observer status at the time this Policy comes into effect shall submit the signed Declaration of Confidentiality and Conflicts of Interest promptly upon the effective date of the Policy in accordance with paragraph 7 above and a list of roles and functions outside the Fund in accordance with paragraph 20 above.

38. Amendments to the Policy and any amendments thereto shall come into effect in accordance with paragraph 36 above.

Appendix I: Declaration of Confidentiality and Conflicts of Interest for Active Observers of the Green Climate Fund

I hereby undertake to act in the performance of my role and responsibilities as an Active Observer in the general interest of the Green Climate Fund.

I solemnly declare that I accept and will be bound by the policy on ethics and conflicts of interest for the Active Observers of the Green Climate Fund.

I explicitly acknowledge that I may have access to information regarding the Fund and its operations that is deemed confidential according to the Fund's information disclosure policies and agree that at all times I shall respect the confidentiality of such information and shall not use such information for the purpose of furthering my personal interest or the personal interest of any other person or entity for whom or which such information is not intended. I shall comply with the information disclosure policies of the Fund.

I shall disclose to the Ethics and Audit Committee, as the case may be, any interest in any matter under consideration by the Board which may constitute a conflict or potential conflict of interest or which might be incompatible with the requirements of integrity and transparency in my role as an Active Observer and I shall refrain from participating in the proceedings of the Board in relation to such a matter, unless a waiver has been granted by the Ethics and Audit Committee or the Board.

Except as disclosed pursuant to the Policy on ethics and conflicts of interest for active observers of the Green Climate Fund, I confirm that at present, I have no personal, contractual or financial interest in an Associated Institution.

Name of Active Observer

Signature

Date

Annex VI: List of conditions

The approval of the restructuring paper for FP015 (RP1) shall be conditional upon the satisfaction of the conditions set out in the table below.

	Conditions
<p>RP1 (UNDP Tuvalu FP015)</p>	<p><u>General condition:</u></p> <p>(a) Signature of the amendment to the funded activity agreement (“FAA”) in a form and substance satisfactory to the GCF Secretariat within 180 days from the date of Board approval.</p> <p><u>Satisfaction of the following conditions prior to the signing of the amendment to the FAA:</u></p> <p>(i) Completion of the due diligence to the GCF Secretariat satisfaction.</p> <p><u>Satisfaction of the following conditions prior to fourth disbursement under the FAA:</u></p> <p>(ii) Delivery to the GCF by the accredited entity, in a form and substance satisfactory to the GCF Secretariat, of: (i) a detailed revised procurement plan, which shall reflect the changes proposed by the accredited entity in the restructuring paper; (ii) a detailed technical design, based on current and future (climate change) hydrodynamic information of the ocean-facing shore of Fogafale; (iii) a detailed technical design for the land reclamation in Fogafale, which shall include: (a) a statement of the Government of Tuvalu endorsing the engineering of the proposed land reclamation which shall be designed to remain flood free under a stated sea level rise design horizon and projected tropical storm return period; and (b) the underlying analysis of hydrodynamics on the ocean-facing side of Funafuti under current and future forecasts of sea level rise and tropical cyclones; (iv) the full and complete environmental and social impact assessment and updated environmental and social management plan, which shall have been disclosed in accordance with the GCF information disclosure policy and within the period for disclosure provided in such policy, which shall be counted in advance of the date in which the fourth disbursement of GCF proceeds is expected to be made; and (v) a detailed revised budget which shall reflect the changes proposed by the accredited entity in the restructuring paper, including the detailed budget notes on unit costs and quantities including any estimates and assumptions applied.</p> <p><u>Satisfaction of the following conditions prior to last disbursement under the FAA:</u></p> <p>(iii) Delivery to the GCF by the accredited entity of an exit strategy, in a form and substance satisfactory the GCF Secretariat, that includes information on the expected use by the Government of Tuvalu of the land reclaimed under sub-activity 2.2.1.</p> <p><u>Insertion of the following covenants in the amendment to the FAA:</u></p> <p>(iv) The accredited entity shall ensure that (i) the infrastructure civil works to be implemented as part of the Funded Activity are designed, constructed, operated and decommissioned in accordance with good international industry practices and any other applicable standards, taking into consideration safety risks to third parties or affected communities, and (ii) the quality of such infrastructure civil works is in accordance with international best practices; and</p> <p>(v) The Accredited Entity shall inform the Fund as soon as any information (including, but not limited to, consultation processes, planning documents, project proposals) is publicly available or in case any decision by the Government of Tuvalu or any other competent authority is made with regards to the use of the reclaimed land in Fogafale.</p>

Annex VII: Additional entities of other relevant funds for fast-track accreditation eligibility

I. Background

1. In decision B.08/03, paragraphs (e–g), the Board decided that entities accredited by the Global Environment Facility (GEF), the Adaptation Fund (AF) and the Directorate-General for International Development and Cooperation (DG DEVCO) up to and including 17 October 2014 and in full compliance with those institutions' requirements, as contained in annex V to decision B.08/03 (annex V to document B.08/45), are eligible to apply under the fast-track accreditation process for the accreditation requirements of the GCF identified in the relevant paragraphs of the decision.
2. In decisions B.10/06, B.12/30, B.14/09, B.15/09, B.17/13, B.18/05, B.19/14, and B.22/09, the Board expanded the list of entities eligible to apply under the same fast-track approach, assuming all prerequisite criteria were met to include those under the GEF, the AF and DG DEVCO up to and including 9 July 2015, 9 March 2016, 14 October 2016, 17 December 2016, 6 July 2017, 2 October 2017, 1 March 2018 and 28 February 2019, respectively.
3. The entity presented below has been accredited by AF since 28 February 2019. No new entities have been accredited by the GEF and DG DEVCO since that time that are seeking to become eligible for fast-track accreditation to GCF.

II. Adaptation Fund

Table 4: The Adaptation Fund – national implementing entities since 28 February 2019^a

Name	Acronym	Country
Ministry of Water and Environment	MWE	Republic of Uganda

^aThe list of the national accredited entities of the Adaptation Fund is available at <<https://www.adaptation-fund.org/apply-funding/implementing-entities/national-implementing-entity/>>. See also Adaptation Fund Board decision B.33/8, available at <https://www.adaptation-fund.org/wp-content/uploads/2019/03/AFB33_decisions_clean1.pdf>.

4. The national direct access entity listed in table 4 has been confirmed via evidence provided by the entity regarding its successful accreditation as a National Implementing entity of the Adaptation Fund (decision B.33/8) on 1 April 2019.

Annex VIII: Compliance risk policy

I. Introduction

1. In order to uphold and commit to achieving the highest standards of integrity, ethics and transparency in the conduct and governance of all its activities as expected of an international organization, and to minimize reputational risks that GCF may encounter, a proper compliance framework is required for GCF. It should be noted that this document sets out a principles-based policy to provide guidance regarding the roles and responsibilities across major activities for the compliance risks relevant to the GCF.

2. This policy is designed to promote a culture of compliance and setting a “tone at the top”¹. This document presents an important element of the risk management framework (RMF), the policy governing compliance risk management for GCF.

II. Objective and scope

2.1 Objective

3. The compliance risk policy (hereinafter “the policy”) provides a framework to deal with compliance risks. The policy is aligned with the fit-for-purpose compliance framework (hereinafter “the compliance framework”) and the Committee of Sponsoring Organizations of the Treadway Commission (COSO) principles that were adopted by GCF.² This document deliberately aims to be aspirational as the underlying framework and capabilities are built in the context of GCF business.

4. This policy applies to all GCF Personnel³, to protect GCF, and its reputation, from being misused in compliance-related incidents by ensuring they discharge their responsibilities in a manner that enables the full implementation of this policy. This policy does not apply to GCF’s accredited entities (AEs), delivery partners (DPs) and/or any other external party to the GCF.

2.2 Definition and scope of compliance risk

5. Compliance risk for the GCF arises because the following may occur:

- (a) Internal compliance breaches as set out in risk code 1.1 of the risk register adopted pursuant to decision B.17/11;⁴
- (b) External compliance breaches as set out in risk code 1.2 of the risk register adopted pursuant to decision B.17/11; and
- (c) Inappropriate investment activities and violation of fiduciary duty.

¹ Defined as the commitment of the board and senior managerial levels of an organization towards openness, honesty, integrity, and ethical behaviour.

² Decision B.BM-2015/06.

³ GCF Personnel means (i) all persons appointed to a post in the GCF under a letter of appointment, and (ii) any other individual contracted and/or engaged by the GCF to perform official functions for the GCF.

⁴ This policy shall not apply to policies set out in risk code 1.1 to the extent that such policies have their own control and remedial frameworks built into such policies.

6. To further detail the compliance risks and fully define the scope, the Secretariat shall develop a list of relevant compliance risk events⁵ with responsible control oversight functions assigned within the Secretariat. The comprehensive list of the compliance risk events and assigned control oversight functions are outlined in the compliance risk categorization overview.

2.3 Guiding principles

7. The GCF compliance framework has the objectives of establishing and maintaining effective GCF-wide compliance risk management. Taking into consideration the fact that GCF is an evolving and growing organization, policy design is based on the principle of establishing a risk-based ex ante approach defining controls and monitoring commensurate to the expected impact and likelihood of occurrence of a compliance risk event.⁶

8. The following provides guidance on the three levels of responsibilities in managing compliance risk:

- (i) **First Level of Responsibility (First Level):** the First Level of compliance risk management and control is with the accountable units, who are the primary owners and managers of compliance risk as part of their standard business operations. The First Level functions lie within the Secretariat and shall be designated in accordance with paragraph 12;
- (ii) **Second Level of Responsibility (Second Level):** the Second Level is independent from the First Level and ensures risks are appropriately managed given the asymmetric incentives, short-termism and optimism of risk takers. The Second Level is also known as the control oversight function. Second Level responsibilities lie within the Secretariat and shall be designated in accordance with paragraph 12; and
- (iii) **Third Level of Responsibility (Third Level):** the Third Level focuses on the independent review, assurance and accountability of the actions and interactions of the First and Second Levels, and of the compliance framework for potential deviations from its original intentions. The Third Level will develop and perform audits, reviews and other assurance engagements in order to gain assurance that the design and implementation of policies and procedures by the First and Second Levels are managing the risks of GCF appropriately. Third Level responsibilities rest with the Office of the Internal Auditor, the Independent Evaluation Unit (IEU), the Independent Redress Mechanism (IRM) and the Independent Integrity Unit (IIU) within the scope of their respective terms of reference (TOR).

9. In the event of any inconsistency between this policy and the TORs of the independent units, the TORs of the independent units shall prevail.

10. The First and Second Levels shall collaborate with the Third Level and provide timely information which the Third Level determines to be necessary to facilitate the implementation of its respective responsibilities under this policy.

⁵ Compliance risk events refer to the incident that occurs as a result of a breach in a compliance risk.

⁶ Further definition of expected impact and likelihood of occurrence to be included in the compliance risk assessment manual (an internal manual on conducting the compliance risk assessment developed by the compliance function for the Secretariat).

11. To ensure that the three levels have non-conflicting interests and are independent of each other, none of the divisions or units may be assigned overlapping responsibilities for the same process.

12. The Executive Director shall designate the First and Second Level functions and responsibilities based on the results of the compliance risk assessment.

III. Definition of terms

13. The following are definitions of the key terms applicable for this policy:

(a) **Compliance framework:**

(i) The compliance framework is an overarching framework comprising the compliance-related components necessary to operationalize an effective compliance risk management practice in GCF; and

(ii) The compliance framework shall include the following elements:

(1) **Compliance risk categorization overview:** outlines all types of compliance risk events that are potentially in scope for GCF and will continue to evolve over time as a growing document;

(2) **Compliance risk assessment manual:** outlines the detailed process of the compliance risk assessment that ensures a risk-based approach to managing compliance risks at GCF; and

(3) **Gap analysis of compliance-related policies:** outlines relevant internal policies in place to manage compliance risk events at GCF.

(b) **Compliance function:** There shall be designated within the Secretariat a compliance function, whose responsibilities, in addition to those set out in this policy, shall be determined by the Executive Director.

(c) **Control oversight function:**

(i) The control oversight function is the Second Level within the three levels of responsibilities framework for compliance risk. It is responsible for supporting the First Level in identifying, assessing, mitigating and monitoring compliance risk events; and

(ii) The control oversight responsibility is designated to the most appropriate function identified as an outcome of the compliance risk assessment;⁷

(d) **Investment-related and administrative business process:**

(i) The controls management process within the policy is structured based on the key investment-related and administrative business processes of GCF;

(ii) The key investment-related processes⁸ include:

(1) Accreditation and entity relationship management;

⁷ The compliance risk assessment involves preparing a comprehensive list of all relevant compliance risk events to be assessed for their respective risk levels. This assessment is then reviewed by the compliance function, upon which mitigation actions and controls can be assigned to effectively mitigate the risk.

⁸ Please note the list of investment-related business processes is not exhaustive and is subject to developments.

- (2) Readiness and preparatory support, including national adaptation planning, (hereinafter “readiness”) and Project Preparation Facility (PPF) proposals, concept notes and funded activity proposal reviews;
 - (3) Disbursements for all funding requests;
 - (4) Readiness, PPF and funded activity monitoring; and
 - (5) New financial instrument development.
- (iii) The key administrative business processes⁹ include:
- (1) Procurement;
 - (2) Contract handling;
 - (3) Data handling;
 - (4) Personnel recruitment and management; and
 - (5) Knowledge management.

IV. Managing compliance risks

14. To ensure effectiveness and efficiency in carrying out activities necessary to manage the compliance risks referred to in paragraph 5, the Second Level shall have:

- (a) The authority to request and receive all relevant and necessary documents and paper or electronic data from the First Level; and
- (b) The right to provide compliance considerations to be factored into relevant business decisions.

15. Furthermore, the Heads of each designated First Level division and/or unit have the authority to perform the aforementioned tasks (i.e. paragraphs 14 (a) and (b)) for their respective personnel.

V. Roles and responsibilities – compliance risk management

16. The roles and responsibilities for compliance risk management are based on the following key functional compliance activities:

- (a) Risk identification;
- (b) Risk assessment;
- (c) Controls management (investment-related business processes, administrative business processes);
- (d) Monitoring and reporting;
- (e) Risk mitigation;
- (f) Training and communication.

17. In addition, IEU – in its Third Level capacity within the context of this policy – may, upon request, provide to the Board and Senior Management of the Secretariat assessments and evaluation reports of the effectiveness and efficiency of risks identified, assessed and mitigated.

⁹ Please note the list of administrative business processes is not exhaustive.

5.1 Risk identification

18. The First Level shall work with the Second Level to define its key business processes and subprocesses, identify current and potential compliance risk events, and map them into compliance risk categories as a part of the annual¹⁰ compliance risk assessment¹¹ and in alignment with the risk control self-assessment.¹²

19. The compliance function shall maintain the list of compliance risk events in its compliance risk categorization overview (which forms part of the compliance framework) and work with the First and Second Levels to update the compliance risk categorization overview on a regular basis.

5.2 Risk assessment

20. The First Level shall conduct the compliance risk assessment in close consultation with the relevant Second Level to assess the impact and likelihood of occurrence.¹³

21. The Second Level shall provide oversight of and guidance to the First Level's compliance risk assessment process, ensuring consistent application of the compliance framework, and check the First Level's risk assessment results for quality assurance.

22. The compliance function shall consolidate the results of the compliance risk assessment into the overall compliance risk matrix¹⁴ of GCF.

5.3 Controls management – investment-related business processes

5.3.1 First Level – accreditation and entity relationship management

23. The First Level shall collect information, including, where available, written policies or descriptions on the internal controls management practices of each AE with regard to relevant checks under applicable internal policies to ensure appropriate compliance risk management for all relevant compliance risk events as outlined in the compliance risk categorization overview.

24. When applicable, the First Level shall regularly request each AE to provide a self-assessment of its compliance with the GCF accreditation requirements, 15 in accordance with the accreditation framework for AEs.

25. The First Level, in conjunction with the relevant Second Level function(s), where applicable, shall define and maintain controls for compliance risk events based on compliance risk assessment results to ensure compliance with internal policies. In addition, the First Level shall implement the defined controls, report the results of implementation to the Second Level and be responsible for collecting data and information necessary to implement these controls.

¹⁰ The timing and process for the compliance risk assessment may be subject to change during the initial set-up phase.

¹¹ Details on processes and procedures to be included in the compliance risk assessment manual.

¹² Details on processes and procedures to be included in the internal controls manual (part of the GCF risk management framework).

¹³ Definitions on impact and likelihood of risk to be included in the compliance risk assessment manual.

¹⁴ The compliance risk matrix summarizes the compliance risk assessment across all compliance risk events.

¹⁵ Some accreditation master agreements may not have this requirement.

5.3.2 First Level – review of readiness and preparatory support, including national adaptation planning, and Project Preparation Facility proposals, concept notes and funded activity proposals

26. The First Level shall:

- (a) Define and maintain controls for compliance risk events with regard to the development and review of readiness and PPF proposals;
- (b) Define and maintain controls for compliance risk events with regard to the development and review of concept notes and funded activity proposals;¹⁶
- (c) Perform these functions, in conjunction with the Second Level, based on the results of the compliance risk assessment and any other assessment¹⁷ to ensure compliance with the investment framework, fiduciary standards and other GCF internal policies;
- (d) Implement the defined controls and report the results of implementation to the Second Level; and
- (e) Be responsible for collecting the relevant data and information necessary to implement these controls.

5.3.3 First Level – first disbursements

27. The First Level, in conjunction with the relevant Second Level function, shall define and maintain controls for compliance risk events with regard to the first disbursement of funds based on the compliance risk assessment results and compliance with the accreditation master agreement (AMA), funded activity agreement (FAA) and readiness/PPF grant agreements. In addition, the First Level shall implement the defined controls, report the results of implementation to the Second Level and be responsible for collecting the relevant data and information necessary to implement these controls.

5.3.4 First Level – readiness, Project Preparation Facility, and funded activity monitoring and subsequent disbursements

28. The First Level, in conjunction with the Second Level, shall define and maintain controls for compliance risk events with regard to the monitoring of readiness, PPF, and funded activities and subsequent disbursements based on the compliance risk assessment to ensure compliance with the AMA, FAA, readiness and/or PPF grant agreements, as appropriate. In addition, the First Level shall implement the defined controls and report the results of implementation to the Second Level, and be responsible for collecting data and information necessary to implement these controls.

5.3.5 Second Level – investment-related business processes

29. The Second Level shall be responsible for the following activities:

- (a) Providing support in the definition of controls to the First Level;
- (b) Monitoring and tracking progress of controls implementation;

¹⁶ This includes proposals submitted through request for proposal, simplified approval process and enhanced direct access.

¹⁷ For readiness and Project Preparation Facility proposals, this includes results from the financial management capacity assessment.

- (c) Providing input on the data and information supporting the implementation of controls for the process, as collected by the First Level; and
- (d) Reporting critical control insufficiencies to the compliance function.

5.4 Controls management – administrative business processes

30. The First Level, in conjunction with the Second Level, shall define and maintain controls for compliance risk events with regard to the administrative business processes for GCF, based on the compliance risk assessment results, to ensure compliance with relevant policies. In addition, the First Level shall implement the defined controls, report the results of implementation to the Second Level, and be responsible for collecting the relevant data and information necessary to implement these controls.

31. The Second Level shall be responsible for the following activities:

- (a) Providing support in the definition of controls to the First Level;
- (b) Monitoring and tracking progress of controls implementation;
- (c) Providing input on the data and information supporting the implementation of controls for the process, as collected by the First Level; and
- (d) Reporting critical control insufficiencies to the compliance function.

5.5 Monitoring and reporting

32. The First Level shall receive data input on compliance breaches, claims, investigations or proceedings commenced on the funded activity from AEs, in accordance with the relevant legal agreements, and will provide necessary data input to the Second Level for periodic reporting, including data input required to monitor compliance key risk indicators, which are the main risk metrics to be tracked by GCF as defined by the Second Level as part of the compliance risk assessment.¹⁸

33. The First Level will regularly monitor compliance with current readiness, PPF and funded activities through necessary reports provided by the AE, in accordance with the relevant legal agreements, and inform the Second Level, as required, of any compliance breaches, non-compliance or potential risk events. Furthermore, the First Level will inform IIU of compliance breaches, non-compliance and potential risk events within any of the integrity policies or standards of the GCF.

34. The Second Level will also review compliance-related issues raised by the First Level, and execute follow-up actions as necessary, receiving support from the compliance function or the IIU as needed and in accordance with GCF policies and procedures and in line with the relevant legal agreements.

35. The compliance function shall compile and monitor compliance key risk indicators defined by the Second Level, review periodic compliance reports as well as any notifications of compliance breaches and recommend actions if required.

36. The compliance function will report material compliance breaches or events to the Head of the Office of Risk Management and Compliance (ORMC), the Office of the Executive Director

¹⁸ Details on processes and procedures to be included in the compliance risk assessment manual.

(OED)¹⁹ and the Risk Management Committee (RMC), except for areas related to AML/CFT and other prohibited practices.²⁰ The compliance function shall further report any information or allegations of integrity violations to the IIU immediately upon becoming aware of them and shall seek advice from the IIU in determining mitigation actions where red flags have been identified.

37. Upon request by the Board or SMT, the IEU – in line with its annual workplan – will evaluate and assess any risks identified and the implementation of the control and mitigation activities undertaken in turn by the First and Second Levels.

5.6 Risk mitigation²¹

38. When a compliance breach occurs, the First Level, with support from the Second Level, shall develop and implement risk mitigation actions, either developed through the compliance risk assessment or, if a new compliance risk event occurs, developed on an ad hoc basis.

39. The Second Level shall provide advice on the development of compliance risk mitigation actions, including new controls, improved controls and strengthened monitoring, to the First Level. The Second Level shall analyse risk alerts when received and ensure that appropriate compliance risk mitigation action is taken, track progress of the implementation of compliance risk mitigation actions, and regularly inform the compliance function of the progress of the compliance risk mitigation actions.

40. In accordance with the relevant legal agreements, for compliance risk events triggered by readiness, PPF or funded activities, the relevant contractual counterparties are responsible for carrying out necessary risk mitigation actions. The First Level shall be responsible for liaising with the AE or delivery partner to monitor risk mitigation actions. When deemed necessary, GCF will intervene and execute further risk mitigation actions. The risk mitigation actions shall be performed in accordance with the AMA, FAA and readiness and/or PPF grant agreements, as appropriate.

41. Upon becoming aware of credible risk of integrity violations as defined in the TOR for the IIU, GCF Personnel shall immediately inform IIU.

5.7 Training and communication

5.7.1 Compliance training

42. The compliance function shall be responsible for the following activities:

- (a) Delivering training on compliance-related due diligence on a regular basis in person in order to enable the First and Second Levels to discharge their responsibilities under this Policy, through eLearning course modules and additional ad hoc, incident-based training sessions as necessary to GCF;
- (b) Developing and maintaining, in conjunction with Second Level functions, compliance training toolkits and curricula complete with the training format, frequency and personnel, which is approved by OED;

¹⁹ The compliance function will report directly to the Office of the Executive Director when the breach involves the Head of ORMC.

²⁰ These will be reported to the Ethics and Audit Committee or the Independent Integrity Unit in accordance with applicable Board policies, depending on the breach committed.

²¹ These provisions shall not apply to processes set out in risk code 1.1 to the extent that such processes have their own control and remedial frameworks built into other policies.

- (c) Ensuring alignment, in conjunction with the other Second Level functions, in respect of shared tools, processes and expert knowledge; and
 - (d) Improving compliance training programmes based on feedback gathered from the First and Second Levels.
43. Human Resources and Procurement within the Division of Support Services shall maintain training history records for all GCF Personnel, as reported by the Head of each division and unit.
44. The Secretariat must stay up-to-date on the latest compliance training curriculum.
45. The Head of each designated division and/or unit shall be accountable for ensuring that covered individuals complete the required training programmes.

5.7.2 Internal and external communication

46. The Secretariat shall promote awareness and encourage compliance through regular communication with GCF Personnel and external parties.
47. The Secretariat will develop and maintain both internal and external communication plans for crisis situations as a part of its communications plan and any response plan. The details of roles and responsibilities for communications on non-compliance and compliance-related reputational risks will be outlined in the communications plan and any response plan.

VI. Administrative provisions

48. The Secretariat will develop an implementation plan for this policy. This policy will take effect on 2 September 2019.
49. This policy shall be reviewed by the compliance function every two years, but earlier reviews and consequential revisions may occur upon recommendation by the Secretariat or following a request from the RMC or the Board.

Annex IX: Standards for the Implementation of the Anti-Money Laundering and Countering the Financing of Terrorism Policy

I. Introduction

1. The Standards for the Implementation of the Anti-Money Laundering and Countering the Financing of Terrorism Policy (the “AML/CFT Standards” or “Standards”) are developed to implement the Anti-Money Laundering and Countering the Financing of Terrorism Policy, decision B.18/10 (the “AML/CFT Policy”) as requested by the Board by decision B.18/10, paragraph (b). These AML/CFT Standards set the minimum and mandatory benchmarks to prevent, detect, and investigate money laundering and financing of terrorism, and to control and manage related risks (collectively referred to as “ML/FT Risks”). The AML/CFT Policy and these AML/CFT Standards shall be operationalised by standard operating procedures (“SOPs”) which shall be developed by the Secretariat and the Independent Integrity Unit (IIU), and shall be approved by the EAC.

1.1 Objectives

2. The AML/CFT Standards are intended to establish effective measures comparable to international best practice to enable the Green Climate Fund (the “GCF” or “the Fund”) to achieve the objectives established in the AML/CFT Policy, which are:

- (a) Preventing the abuse of GCF resources for money laundering (“ML”) and/or financing of terrorism (“FT”);
- (b) Meeting applicable legal requirements and international standards in jurisdictions where the GCF and its Counterparties operate;
- (c) Mitigating any reputational risk;
- (d) Supporting the establishment and/or strengthening of capacities in countries to meet GCF fiduciary standards regarding AML/CFT;
- (e) Guarding against establishing any relations or undertaking any transaction that may relate to or may facilitate ML and/or FT or any other illicit activity;
- (f) Exercising due diligence when dealing with Counterparties, persons appointed to act on behalf of Counterparties, and connected parties of the Counterparties; and
- (g) Continuously reviewing and updating its AML/CFT Policy and its corresponding AML/CFT Standards as threats and international standards evolve to prevent and detect ML and/or FT.

3. These AML/CFT Standards further aim to meet the expectation of international contributors, donors, and other key stakeholders that the GCF complies with all its policies; takes appropriate measures to prevent corrupt, fraudulent, and otherwise illegal practices, including the prevention of the use of GCF resources to finance terrorist activity; and adopts best practice fiduciary principles and standards relating to anti-corruption, countering of financing of terrorism, fraud, and anti-money laundering, as reflected in contribution agreements/ arrangements.

4. In pursuing these purposes and objectives, these AML/CFT Standards intend to prevent that the GCF is exposed to serious reputational damage, financial loss, or legal liability, which

may give rise to strong challenge by international contributors, donors, and other key stakeholders.

5. The provisions of the AML/CFT Policy and the Standards shall be applied coherently and in accordance with the scope of the GCF AML/CFT Policy, across all relevant procedures, methodologies and templates including the Accreditation Master Agreements.

1.2 Scope

6. These Standards set out specific obligations for Co-Chairs, Board Members, Alternate Members, Advisers (each defined in the Rules of Procedure of the Board of the GCF), Board-appointed Officials, External Members, and GCF Personnel in accordance with their roles and responsibilities with respect to the GCF. The SOPs shall define the roles and responsibilities within the Secretariat required to operationalise the AML/CFT Policy and these Standards.

7. The GCF shall apply these Standards to potential and existing Counterparties in accordance with the provisions of the AML/CFT Policy.

1.3 Exception

8. The procedures of the SOPs and their implementation shall be consistent with those set out in these AML/CFT Standards and the AML/CFT Policy. An exception to this rule may be permitted only upon formal request by the Independent Integrity Unit (“IIU”) and approval by the Ethics and Audit Committee (“EAC”) of the Board of the GCF in accordance with GCF policies, rules, and procedures. Exception requests shall be submitted to the EAC by the Head of IIU along with a recommendation by IIU. An exception should not be applied and approved unless it is considered that, without that exception, GCF operations would be seriously and adversely interrupted.

II. Definitions

9. For the purposes of these Standards, the following definitions shall be applied:

- (a) **“AML/CFT Program”** refers to the overall ML/FT risks control and management components, including governance and oversight and the establishment of an Integrity Risk Management Group, Counterparty due diligence, risk assessment, financial activities monitoring, suspicious activities reporting, the AML/CFT Policy, the AML/CFT Standards, compliance, training, and record keeping;
- (b) **“Bearer Negotiable Instruments (BNIs)”** refer to monetary instruments in bearer form such as: traveller’s cheques; negotiable instruments (including cheques, promissory notes, and money orders) that are either in bearer form, endorsed without restriction, made out to a fictitious payee, or otherwise in such form that title thereto passes upon delivery; incomplete instruments (including cheques, promissory notes, and money orders) signed but with the payee’s name omitted;
- (c) **“Bearer Shares”** refer to negotiable instruments that accord ownership in a legal person to the person who possesses the bearer share certificate;
- (d) **“Beneficial Owner”** means the natural person(s) who ultimately owns or controls a customer and/or the natural person on whose behalf a transaction is being conducted. It also includes those persons who exercise ultimate effective control over a legal person or arrangement;

- (e) **“Beneficiary”** refers to the person or persons who are entitled to the benefit of any trust arrangement. A beneficiary can be a natural or legal person or arrangement. In the context of life insurance or another investment-linked insurance policy, a beneficiary is the natural or legal person, or a legal arrangement, or category of persons, who will be paid the policy proceeds when/if an insured event occurs, which is covered by the policy;
- (f) **“Board-appointed Official”** means the Executive Director (“ED”), the Head of the Independent Evaluation Unit (“IEU”), the Head of the Independent Integrity Unit (“IIU”), and the Head of the Independent Redress Mechanism (“IRM”), who are appointed by the Board;
- (g) **“Competent Authorities”** refer to all public authorities (including financial supervisors established as independent non-governmental authorities with statutory powers) with designated responsibilities for combating money laundering and/or terrorist financing. In particular, these include the Financial Intelligence Unit; the authorities that have the function of investigating and/or prosecuting money laundering, associated predicate offences and terrorist financing, and seizing/freezing and confiscating criminal assets; authorities receiving reports on cross-border transportation of currency and Bearer Negotiable Instruments; and authorities that have AML/CFT supervisory or monitoring responsibilities aimed at ensuring compliance by financial institutions and Designated Non-Financial Businesses and Professions with AML/CFT requirements. Self-Regulating Bodies as defined by the Financial Action Task Force (“FATF”) are not to be regarded as Competent Authorities;
- (h) **“Correspondent Banking”** is the provision of banking services by one bank (the “correspondent bank”) to another bank (the “respondent bank”). Large international banks typically act as correspondents for thousands of other banks around the world. Respondent banks may be provided with a wide range of services, including cash management (e.g. interest-bearing accounts in a variety of currencies), international wire transfers, cheque clearing, payable-through accounts, and foreign exchange services;
- (i) **“Counterparty”** is any party that contributes to, executes, implements, bids for, or in any way participates in Fund-related Activities, including receiving a grant, loan, or other form of financing or support from the Fund. Counterparties include a contributor, Accredited Entity, Direct Access Entity, Executing Entity, delivery partner, fiscal agent, financial intermediary, vendor, and (for the purpose of the AML/CFT Policy) any entity within or to which the Secretariat directly disburses GCF resources, including for the Readiness and Preparatory Support Program;
- (j) **“Designated Non-Financial Businesses and Professions (DNFBP)”** mean:
- (i) Casinos, including internet- and ship-based casinos;
 - (ii) Real estate agents;
 - (iii) Dealers in precious metals;
 - (iv) Dealers in precious stones;
 - (v) Lawyers, notaries, other independent legal professionals and accountants (this refers to professionals within professional firms, not ‘internal’ professionals);
 - (vi) Trust and Company Service Providers refer to all persons or businesses providing any of the following services to third parties:
 - (1) Acting as a formation agent of legal persons;

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- (2) Acting as (or arranging for another person to act as) a director or secretary of a company, a partner of a partnership, or a similar position in relation to other legal persons;
 - (3) Providing a registered office, business address or accommodation, correspondence or administrative address for a company, a partnership or any other legal person or arrangement;
 - (4) Acting as (or arranging for another person to act as) a trustee of an express trust or performing the equivalent function for another form of legal arrangement; and
 - (5) Acting as (or arranging for another person to act as) a nominee shareholder for another person).
- (k) **“External Member”** means an expert serving as an external member on a panel or group established by the Board;
- (l) **“Financial Action Task Force (FATF)”** is an inter-governmental body whose purpose is the development and promotion of policies, both at national and international levels, to combat money laundering and terrorist financing;
- (m) **“Financial Institutions”** mean any natural or legal person who conducts as a business one or more of the following activities or operations for or on behalf of a customer:
- (i) Acceptance of deposits and other repayable funds from the public;
 - (ii) Lending;
 - (iii) Financial leasing;
 - (iv) Money or value transfer services;
 - (v) Issuing and managing means of payment (e.g. credit and debit cards, cheques, traveller's cheques, money orders and bankers' drafts, electronic money);
 - (vi) Financial guarantees and commitments;
 - (vii) Trading in:
 - (1) Money market instruments;
 - (2) Foreign exchange;
 - (3) Exchange, interest rate, and index instruments;
 - (4) Transferable securities; and
 - (5) Commodity futures trading (it does not apply to any natural or legal person that provides financial institutions solely with message or other support systems for transmitting funds);
 - (viii) Participation in securities issues and the provision of financial services related to such issues;
 - (ix) Individual and collective portfolio management;
 - (x) Safekeeping and administration of cash or liquid securities on behalf of other persons;
 - (xi) Otherwise investing, administering, or managing funds or money on behalf of other persons;

- (xii) Underwriting and placement of life insurance and other investment-related insurance; and
- (xiii) Money and currency changing.
- (n) **“Foundation”** refers to a non-governmental entity that is established as a non-profit corporation or a charitable trust, with a principal purpose of making grants to unrelated organisations, institutions, or individuals for scientific, educational, cultural, religious, or other charitable purposes. There are two types of foundations:
 - (i) Private Foundation derives its money from a family, an individual, or a corporation; and
 - (ii) Grant-making Public Charity (sometimes referred to as a "Public Foundation") derives its support from diverse sources, which may include foundations, individuals, and government agencies.
- (o) **“Funds”** refer to assets of every kind, whether corporeal or incorporeal, tangible or intangible, movable or immovable, however acquired, and legal documents or instruments in any form, including electronic or digital, evidencing title to, or interest in, such assets;
- (p) **“Fund-related Activity”** means any activity which is financed, administered, or supported by the Fund, either with its own resources or those of others, or any activity that materially affects or may affect or otherwise be relevant to the Fund;
- (q) **“GCF Personnel”** means any GCF Staff and any other individual contracted and/or engaged by the GCF to perform official functions for the GCF, excluding Board-appointed Officials and External Members;
- (r) **“Integrity Risk Management Group”** is a body composed of the Executive Director, the Head of IIU, and senior managers within the GCF Secretariat that is responsible for providing strategy, direction, advice, or necessary assistance to ensure that integrity policies of the GCF are fully implemented, applied, and maintained;
- (s) **“Money Laundering”** means the conversion or transfer of property, knowing that such property is derived from crime, for the purposes of concealing or disguising the illicit origin of the property or of assisting any person who is involved in the commission of the crime to evade the legal consequences of his or her actions. It is the concealment or disguise of the true nature, source, location, disposition, movement, rights with respect to, or ownership of property, knowing such property is derived from crime, or the acquisition, possession, or use of property, knowing at the time of receipt that such property was derived from a criminal offence;
- (t) **“Money or Value Transfer Service (MVTS)”** refers to financial services that involve the acceptance of cash, cheques, other monetary instruments, or other stores of value and the payment of a corresponding sum in cash or other form to a beneficiary by means of a communication, message, transfer, or through a clearing network to which the MVTS provider belongs. Transactions performed by such services can involve one or more intermediaries and a final payment to a third party and may include any new payment methods. Sometimes these services have ties to geographic regions and are described using a variety of specific terms, including Hawala, Hundi, and Fei-chen;
- (u) **“Non-Profit Organisation (NPO)”** refers to a legal person or arrangement or organisation that primarily engages in raising or disbursing funds for purposes such as charitable, religious, cultural, educational, social, or fraternal purposes, or for the carrying out of other types of “good works”;

- (v) **“Political Exposed Person (PEP)”** refers to individuals who are or have been entrusted (domestically or by a foreign country) with prominent public functions, such as Heads of State or of government; senior politicians; senior government, judicial, or military officials; senior executives of state-owned corporations; and important political party officials. It also refers to persons who are or have been entrusted with a prominent function by an international organisation, which includes members of senior management such as directors, deputy directors, members of a board, or persons who hold equivalent functions. The definition is not intended to cover middle ranking or relatively junior individuals in the foregoing categories. Immediate family members of PEPs (such as spouses, children, parents, and siblings) or close associates of PEPs (such as widely and publicly-known close business colleagues and/or personal advisors, in particular financial advisors or persons acting in a fiduciary capacity) are also included in this category as the same risks are involved as with PEPs themselves;
- (w) **“Prohibited Practices”** are specific conduct as defined in decision B.22/19 *Policy on Prohibited Practices*. Prohibited Practices include Corrupt Practice, Fraudulent Practice, Coercive Practice, Collusive Practice, Obstructive Practice, Abuse, Retaliation against Whistleblowers or Witnesses, Money Laundering, and Terrorist Financing;
- (x) **“Shell Bank”** refers to a bank that has no physical presence in the country in which is incorporated and licensed, and which is unaffiliated with a regulated financial group that is subject to effective consolidated supervision. Physical presence means meaningful mind and management located within a country. The existence simply of a local agent or low-level staff does not constitute physical presence;
- (y) **“Staff”** means all persons appointed to a post in the GCF under a letter of appointment (individually, a “Staff Member”);
- (z) **“Suspicious Activity”** refers to any activity conducted by Counterparties, whether with monetary value or not, with connection to the GCF in whatsoever manner, and that such activity appears to have connection with money laundering, the financing of a terrorist activity, or other Prohibited Practice or criminal offence;
- (aa) **“Suspicious Activity Report (SAR)”** means a report concerning a Suspicious Activity which is made to the Head of IIU for investigation and/or disclosure to Competent Authorities;
- (bb) **“Terrorist Financing”** is defined as the commission of any offence as set out in Article 2 of the *International Convention for the Suppression of the Financing of Terrorism*;
- (cc) **“Tipping-off”** means disclosing the fact to a Counterparty that a Suspicious Activity or related information is filed with GCF management or Competent Authorities in relation to a Fund-related Activity; and
- (dd) **“Trust”** refers to the legal relationships created – *inter vivos* or on death - by a person, the settlor, when assets have been placed under the control of a trustee for the benefit of a beneficiary or for a specified purpose. A trust has the following characteristics:
- (i) The assets constitute a separate fund and are not a part of the trustee's own estate;
 - (ii) Title to the trust assets stands in the name of the trustee or in the name of another person on behalf of the trustee;
 - (iii) The trustee has the power and the duty, in respect of which he is accountable, to manage, employ, or dispose of the assets in accordance with the terms of the trust and the special duties imposed upon him by law; and

- (iv) The reservation by the settlor of certain rights and powers, and the fact that the trustee may himself have rights as a beneficiary, are not necessarily inconsistent with the existence of a trust. Settlor refers to natural or legal persons who transfer ownership of their assets to trustees by means of a trust deed or similar arrangement.

III. Roles and Responsibilities

10. All **GCF Personnel** are responsible for:
- (a) Complying with the AML/CFT Policy, these AML/CFT Standards, and controls of the GCF;
 - (b) Familiarising themselves and acting in accordance with relevant GCF processes and procedures to manage AML/CFT compliance; and
 - (c) Reporting to the IIU without undue delay any suspected ML/FT activity, any Suspicious Activity, or red flag (indicator of Suspicious Activity).
11. The **Board through its Ethics and Audit Committee** is responsible for ensuring governance and oversight of GCF controls in relation to detection, prevention, investigation, and remedy of ML and FT.
12. The **Independent Integrity Unit** is responsible for monitoring the effective implementation of the AML/CFT Policy, AML/CFT Standards, and AML/CFT Program, recommending improvements thereto; providing advice on integrity and AML/CFT for the GCF and Counterparties upon request and in the discharge of its monitoring responsibilities; and conducting ML/FT investigations and proactive integrity reviews.
13. The **Integrity Risk Management Group** is responsible for providing strategy, direction, advice, or necessary assistance to ensure that GCF integrity policies including the AML/CFT Policy, AML/CFT Standards, and SOPs are fully implemented, applied, and maintained.
14. The **Secretariat** is responsible for implementing the AML/CFT Policy, AML/CFT Standards, and SOPs in day-to-day operations including conducting potential or existing Counterparty due diligence; identifying, assessing, controlling, and mitigating ML/FT risks; carrying out compliance functions; conducting AML/CFT theme audits; retaining records; and carrying out training and capacity building. In addition to the obligations stated in paragraph 10 above, all GCF Staff are obliged to inform or report any ML/FT risks of which they know or are aware of to the IIU directly, through periodic reports or upon request. The Executive Director is responsible for ensuring that the AML/CFT Program is effectively developed and maintained at the Secretariat, that the AML/CFT Policy and related policies and standards are complied with, and that sufficient GCF Personnel capacities and resources including technologies will be available and deployed to control and manage ML/FT risks.

IV. AML/CFT Risk Management

15. The GCF shall ensure that ML/FT risks are effectively managed to mitigate exposure to reputational, financial, and legal risks, as well as to protect its operations and the integrity of its resources and activities.
16. At minimum, ML/FT risk management of the GCF shall include:
- (a) A fit-for-purpose AML/CFT Program to control and manage ML/FT risks in an effective manner, including the establishment of the Integrity Risk Management Group;

- (b) An annual Institutional Risk Assessment, conducted under the supervision of the IIU, designed to identify the residual¹ risks to which the GCF is exposed and to assess the effectiveness of the overall AML/CFT Program;
 - (c) Assurances that the AML/CFT Standards and SOPs are executed and complied with effectively, including a Risk Control Self-Assessment (“RCSA”) tool² to measure the completeness and level of compliance of the standards and procedures;
 - (d) An annual AML/CFT compliance review to test the effectiveness of AML/CFT controls and to formulate appropriate action plans to address identified control and compliance gaps; and
 - (e) AML/CFT theme audits as required.
17. The Secretariat shall ensure that outcomes and any risks or deficiencies of the assessments, reviews, and audits specified in paragraph 16(b) to (e) are reported to the ED, the IIU, and relevant divisions/offices of the Secretariat.

V. Assessing Risk and Risk-Based Approach

18. The GCF shall take all reasonable measures to identify, assess, and understand ML/FT risks, document those assessments, and apply resources to ensure the risks are managed and mitigated effectively. For this purpose, the GCF shall adopt and implement a continuous risk-based approach to ensure that measures to prevent or mitigate ML and FT are commensurate with the risks identified. Following the risk-based approach, the GCF shall implement an annual Institutional Risk Assessment to identify and understand ML/FT residual risks in its operations with a view to enhancing its systems and controls for risk mitigation and resource distribution in overall AML/CFT control and management.

VI. Counterparty Due Diligence

6.1 GCF Counterparty Due Diligence Terms

19. In accordance with paragraphs 14(a) and 14(b) of the AML/CFT Policy, the GCF Secretariat shall apply Counterparty Due Diligence (“CDD”) measures, as determined in accordance with the risk-based approach, considering the type of Counterparty, Counterparty relationship, financial instrument, and country of operation, and shall identify and verify the identity of the Counterparties (including their Beneficial Owners) with which the GCF enters into a Counterparty relationship. Further, the GCF shall take reasonable measures to duly assess the purpose, economic rationale, and overall AML/CFT and related integrity aspects of the Counterparty and its Beneficial Owners to avoid being involved in relationships structured for the purposes of ML and FT.

20. Pursuant to paragraph 19 above, the GCF Secretariat shall assess ML/FT risks in potential or existing Counterparty relationships through a risk assessment methodology and process which, subject to EAC approval, shall be elaborated in the SOPs.

¹ Refers to expected, non-exceptional risks in day-to-day operations.

² Risk Control Self-Assessment (RCSA) is a tool to integrate and co-ordinate a firm’s risk identification and risk management efforts and to improve the understanding, control, and oversight of its operational risks. It provides a systematic means of identifying control gaps that threaten the achievement of defined business or process objectives and monitoring what management does to close these gaps.

21. In conducting risk assessments, the GCF Secretariat shall establish guidance in the AML/CFT SOP to assist in determining the level of risk posed by a potential or existing Counterparty taking into account the types of persons or entities which may present elevated ML/FT risks according to international standards set by the FATF. These include but are not limited to:
- (a) Politically Exposed Persons (PEP) including their immediate family members or close associates, or PEP-linked entities;
 - (b) Financial Institutions providing Correspondent Banking or Money or Value Transfer Services (MVTs);
 - (c) Designated Non-Financial Businesses and Professions;
 - (d) Entities issuing Bearer Shares or with nominee shareholders or directors;
 - (e) Trusts;
 - (f) Entities with unduly complex structure³ of ownership; and
 - (g) Non-Profit Organisations (NPOs).
22. The GCF shall undertake appropriate Know-Your-Counterparty (“KYC”) measures in entering any relationship with a potential or existing Counterparty. KYC measures shall include identifying and verifying the full identity of the Counterparty and the authenticity of that information.
23. Following the risk-based approach, the GCF may apply more stringent or more specific KYC measures with regard to potential or existing Counterparties which are assessed in any one of the categories identified in paragraph 21(a) to (g). In particular, the Beneficial Owner(s) of a Counterparty must be identified and verified.
24. CDD information and identification evidence must be obtained directly from the potential or existing Counterparty, or from independent and reliable sources, such as public records maintained by the relevant government or relevant government-connected sources, the potential or existing Counterparty’s official website, publication or public materials, or, in exceptional cases, on-site visits by GCF Personnel or appointed third parties. Information from public web search platform or telephone calls may be referenced but will not be considered as independent and reliable sources for verification purposes.
25. The GCF shall ensure that all potential and existing Counterparties are screened in accordance with paragraphs 14 (a) and (b) of the AML/CFT Policy.
26. The GCF shall ensure that CDD is to be completed before entering into a contractual relationship with a Counterparty. Under no circumstance shall disbursements be made before CDD is completed and approved.
27. The GCF shall ensure ongoing AML/CFT monitoring after a Counterparty has been onboarded following the risk-based approach. At minimum, such measures shall include ensuring CDD data is up-to-date and monitoring that Fund-related Activities undertaken by Counterparty are in accordance with contractually agreed terms, and that GCF Funds are not being misused for ML/FT activities. Counterparties shall be required to inform the GCF of any changes regarding CDD information when they become aware of such changes and without undue delay.

³ Unduly complex structure means that a complex structure has been put in place for no apparent purpose, suggesting that it is mainly there to disguise the beneficial owners.

28. The GCF shall ensure that periodic CDD reviews of Counterparties are conducted so that emerging risks may be identified early, minimising any undue consequences and impact to the GCF. The CDD review cycle shall be determined through the risk-based approach.
29. The GCF will refrain from establishing new relationships with entities and will terminate existing Counterparty relationships in accordance with paragraph 14(b)(ii) of the AML/CFT Policy.
30. Pursuant to paragraph 29 above and in accordance with paragraph 8 of the AML/CFT Policy which states that the Policy shall be consistent with the relevant United Nations Conventions and Recommendations of the FATF, the GCF shall refrain from engaging with potential or existing Counterparties which are found to be:
- (a) Shell banks, unlicensed banks, or unregulated Money or Value Transfer Service (MVTs) providers or agents;
 - (b) Engaged in relationships with (have dealings with or provide services to) shell banks, unlicensed banks, or unregulated MVTs providers or agents;
 - (c) Engaged in relationships with other entities which engage in relationships with shell banks, unlicensed banks, or unregulated MVTs providers or agents for the purposes of implementing a Fund-related Activity;
 - (d) Disbursing funds, directly or indirectly, through Cash Couriers for the purposes of implementing a Fund-related Activity;
 - (e) Financial Institutions that issue Bearer Shares; and
 - (f) Financial Institutions that keep anonymous accounts or accounts in fictitious names for their clients.
31. In addition, the GCF shall not allow fund disbursements to anonymous, numbered accounts or passbooks, or third-party accounts, under any circumstances.
32. Pursuant to paragraphs 29 and 30 above, the list of unacceptable relationships may be expanded or amended in line with the changing environment.

6.2 Reliance on Accredited Entities and Delivery Partners to Perform CDD on Underlying Counterparties

33. The GCF shall rely on Accredited Entities and Delivery Partners to identify and mitigate risks of ML/FT in deploying and managing GCF resources. To that end, the GCF relies on Accredited Entities and Delivery Partners to perform due diligence on their underlying potential or existing counterparties and to ensure AML/CFT record-keeping in accordance with their policies and procedures.
34. The GCF shall take steps to ensure appropriate due diligence will be applied to Accredited Entity's or Delivery Partner's underlying potential or existing counterparties in Fund-related Activities, and that the AML/CFT measures taken by Accredited Entity or the Delivery Partner to identify ML/FT risks are effective.
35. Following the execution of any contractual agreement with an Accredited Entity, the GCF shall monitor that the Accredited Entity or Delivery Partner applies effective AML/CFT measures in any Fund-related Activity. Such monitoring may include requesting that Accredited Entities and Delivery Partners make available copies of identification data and other due diligence documents without undue delay, and other appropriate examination actions as

required. It also may include monitoring actions and proactive integrity reviews conducted by the IIU.

VII. Financial Transaction Activities Monitoring

36. In accordance with paragraph 14(b)(i) of the AML/CFT Policy, the GCF shall establish processes for monitoring financial transaction activities and reporting Suspicious Activities. At minimum, the GCF shall undertake a number of informed measures (to be elaborated in the SOPs) following the risk-based approach including but not limited to:

- (a) Setting criteria for or providing guidance to Counterparties for the selection of Financial Institutions or financial intermediaries through which GCF Funds are disbursed from the GCF to end recipients or beneficiaries. Such criteria include financial transaction monitoring and reporting;
- (b) Setting criteria for and requiring the extent to which Counterparties report regularly to the GCF on their underlying financial transactions in Fund-related Activities; and
- (c) Developing tools to analyse reported financial transactions, regularly reviewing the continuing effectiveness of the tools and, where necessary, initiating any enhancements or changes.

VIII. Reporting Red Flags, Suspicious Activities, and Suspected ML/FT

37. Co-Chairs of the Board, Board Members, Alternate Members, Advisers, Board-appointed Officials, External Members, and GCF Personnel/Individuals shall report any Suspicious Activity, red flag (indicators of a suspicious activity), or ML/FT activity which they identify or suspect in the course of performing their duties to the Head of IIU for investigation. Such reports shall be made and investigated in accordance with GCF policies and procedures. Failure to report may leave the GCF open to serious reputational damages or legal liability.

38. The Head of IIU shall take appropriate measures to enable the reporting of red flags, Suspicious Activities, or ML/FT activities directly to the IIU by raising awareness and by providing easily accessible reporting channels. The IIU shall ensure that all reports of red flags, Suspicious Activities, and suspected ML/FT activities reports are documented, attended to, and investigated in a prompt and professional manner.

39. The Head of the IIU shall notify the GCF Executive Director when a Suspicious Activity or suspected ML/FT activity has been substantiated pursuant to an IIU investigation. The GCF Secretariat shall determine to disclose that Suspicious Activity or suspected ML/FT activity to a Competent Authority, such as the Financial Intelligence Unit of a country where the Suspicious Activity takes place in accordance with GCF policies and procedures. The GCF Secretariat may authorise the IIU to make a disclosure on behalf of the GCF. Decisions to disclose or not to disclose Suspicious Activities and suspected ML/FT activities must be clearly recorded and reported to the EAC. Procedures for disclosing Suspicious Activities and suspected ML/FT to Competent Authority shall be developed by the IIU in coordination with the GCF Secretariat.

40. In accordance with GCF policies, rules, and procedures, the GCF may take disciplinary or other remedial action against any GCF Personnel who, having knowledge of Suspicious Activities, fails without reasonable excuse, to make a report, or who blocks, or attempts to block, a report by another GCF Personnel.

41. Under no circumstances should GCF Personnel or, in accordance with Paragraph 4 of the Policy, Board-appointed Officials, External Members, Board Members, Alternate Board Members

and their Advisers engage in Tipping-off. Engaging in Tipping-off could prejudice an existing or potential investigation by the IIU or Competent Authorities and may be subject to remedial action in accordance with the GCF policies on ethics and conflicts of interest, and with regard to GCF Personnel, other relevant policies and procedures of the Fund.

IX. Exiting a Relationship

42. It is the policy requirement under Section VI (Key Provisions) of the AML/CFT Policy for the GCF not to enter into or maintain relationships with Counterparties that are being used for money laundering or terrorist financing. Guidelines on exiting a relationship shall be provided in the SOPs.

X. Training and Capacity Building

43. The GCF shall ensure that Co-Chairs of the Board, Board Members, Alternate Members, Advisers (each defined in the Rules of Procedure), Board-appointed Officials, External Members, and GCF Personnel receive adequate AML/CFT training which aims to strengthen their knowledge and awareness of the following subject matter:

- (a) The relevant obligations, requirements, rules, and procedures set out in the AML/CFT Policy, Standards, and in related GCF policies and guidelines, and the possible consequences for compliance failures; and
- (b) Information and methods useful for identifying and procedures for reporting ML/FT, red flags, Suspicious Activities, and other related integrity risks or violations.

44. To give effect to AML/CFT training, the GCF shall develop and implement AML/CFT training guidelines. Such guidelines should address, at minimum, the frequency, content, methods, and knowledge testing of the training and consequences for failure to undergo or complete the training and should be designed for GCF Personnel in consideration of their position or role within the Fund and the risk-based approach.

45. In accordance with paragraph 10 of the AML/CFT Policy, the GCF shall take steps to encourage its potential and existing Counterparties to adopt policies and procedures that are consistent with the principles set in the AML/CFT Policy and these Standards, and to support to the extent possible potential or existing Counterparties in their efforts to prevent, detect, manage, and mitigate ML/FT risks, and to investigate red flags, Suspicious Activities, and suspected ML/FT. To that end, the GCF will provide training and capacity development support or specialised training to such Counterparties in situations:

- (a) Where the potential or existing Counterparty has specifically requested capacity-building support to enable it to effectively prevent, detect, manage, and mitigate ML/FT risks, and to investigate red flags, Suspicious Activities, and suspected ML/FT;
- (b) Where the Secretariat has identified through its accreditation, due diligence, and/or risk assessment processes that such potential or existing Counterparty is lacking sufficient capacity or knowledge to prevent, detect, manage, and mitigate ML/FT, causing potential risk to GCF investment project; and
- (c) Where the IIU has identified through its proactive integrity reviews and other engagements with Accredited Entities that a Counterparty is lacking sufficient capacity or knowledge to prevent and detect risks of ML/FT and other Prohibited Practices, or to receive, handle, or investigate reports of red flags, Suspicious Activities, or suspected ML/FT and other Prohibited Practices.

46. Training and capacity-building support referred in paragraph 45 above should be differentiated according to different needs and capacities of potential or existing Counterparties and may be informed by an AML/CFT capacity assessment. The areas of support and training include but not limited to:

- (a) **Policy Advice:** Support in developing the entity's policies, standards, operating procedures, and governance arrangements with regard to Prohibited Practices including AML/CFT, Whistleblowing and Witness Protection, and investigations;
- (b) **Technical Training:** Know-how in effective ways to implement an AML/CFT compliance program including CDD, risk assessment, and ongoing monitoring; and
- (c) **Experience Sharing:** Providing market information, including data base and system providers to assist entities to enhance their capabilities in assessing and detecting risks.

XI. Record Retention

47. In accordance with paragraph 14(e) of the AML/CFT Policy, the GCF shall ensure mandatory and minimum requirements for record retention for AML/CFT purposes including to demonstrate that due diligence has been undertaken to prevent ML/FT, and to ensure that sufficient information or documentation may be provided when requested by Competent Authorities in any AML/CFT investigation.

48. Guidelines on retaining and retrieving records shall be established to address the following issues:

- (a) The duration and terms of record retention;
- (b) Record storage and internal and external access to records;
- (c) The use of record for investigation purposes;
- (d) Terms of record retention compliance;
- (e) Confidentiality and security of record retention; and
- (f) The scope and contents of records.

XII. Data Protection and Confidentiality

49. Any data, information, and documents, whether in physical or electronic format, obtained during the course of Counterparty Due Diligence ("CDD") or Suspicious Activities monitoring shall be protected and kept confidential in accordance with GCF policies and procedures and GCF internal legal framework.

XIII. Right of Interpretation

50. The GCF Board has the ultimate right of interpretation of these Standards. However, for operational purposes, at first instance, the Board delegates this responsibility to IIU, in consultation with the EAC. Should the Office of the General Counsel ("OGC") have a different opinion on the interpretation of the provisions of these Standards provided by IIU, OGC shall have the right to present its opinion on the interpretation to the EAC for its decision.

XIV. Authority of the Documents

51. The AML/CFT Standards are a GCF Board-approved document. Any amendment, enhancement, or update thereto requires the Board's approval.

XV. Review

52. The AML/CFT Standards shall be reviewed biennially or at such intervals as required, to reflect international best practices consistent with evolving FATF recommendations or as otherwise required by the Board or recommended by the IIU or the Secretariat. The reviews shall be conducted by the IIU in collaboration with the GCF Secretariat.

XVI. Effective Date

53. These Standards shall come into effect following the approval of the Board of the GCF.

Annex X: Policy on the Prevention and Protection from Sexual Exploitation, Sexual Abuse, and Sexual Harassment

I. Introduction

1. GCF has zero tolerance for all forms of sexual wrongdoing including Sexual Exploitation, Sexual Abuse, and Sexual Harassment (SEAH) in all Fund-related Activities. Sexual Exploitation and Sexual Abuse violate human dignity and universally recognised international legal norms and standards and have always been unacceptable behaviour. Sexual Harassment results from a culture of discrimination and privilege, based on unequal relations and power dynamics. It creates hostile work and work-related environments, which limit the ability of affected persons to thrive and GCF to achieve its mission. SEAH has no place at GCF.
2. GCF recognises the imperative to prevent and respond effectively to SEAH and to protect persons, especially vulnerable individuals, and victims of SEAH in Fund-related Activities. These protections are essential to strengthen integrity and accountability throughout GCF.

II. Scope

3. The Policy on the Prevention and Protection from Sexual Exploitation, Sexual Abuse, and Sexual Harassment (the Policy) establishes GCF's zero tolerance of SEAH. It sets clear obligations for GCF Covered Individuals and its Counterparties to prevent and respond to SEAH and to refrain from condoning, encouraging, participating in, or engaging in SEAH.

III. Definitions

4. For the purposes of this Policy, the following terms are defined as follows:
 - (a) **"Board"** means Board of the Green Climate Fund;
 - (b) **"Board-appointed Official"** means the Executive Director ("ED"), the Head of the Independent Evaluation Unit ("IEU"), the Head of the Independent Integrity Unit ("IIU"), and the Head of the Independent Redress Mechanism ("IRM"), who are appointed by the Board;
 - (c) **"Counterparty"** is, for the purposes of this Policy, any party that contributes to¹, executes, implements, bids for, or in any way participates in Fund-related Activities, including receiving a grant, loan, or other form of financing or support from the Fund;
 - (d) **"Covered Individual"** means Co-Chairs of the Board, Board Members, Alternate Members, Advisers (each defined in the Rules of Procedure of the Board of the GCF), Board-appointed Officials, External Members, and GCF Personnel;
 - (e) **"Delivery Partner"** means an entity nominated by a National Designated Authority or Focal Point to implement activities approved under the Readiness and Preparatory Support Programme pursuant to decision B.08/11;
 - (f) **"External Members"** mean an expert serving as an external member on a panel or group established by the Board;

¹ This pertains to non-sovereign contributors and would exclude governments with which GCF concludes agreements for the purpose of obtaining privileges and immunities.

- (g) **“False or Malicious Report”** means an inaccurate or misleading report that is made recklessly, or knowingly or deliberately for the purpose of gaining undue advantage or causing harm to a person or entity;
- (h) **“Fund-related Activity”** means any activity which is financed, administered, or supported by the Fund, either with its own resources or those of others, or any activity that materially affects or may affect or otherwise be relevant to the Fund;
- (i) **“GCF Personnel”** means any GCF Staff and any other individual contracted and/or engaged by GCF to perform official functions for GCF, excluding Board-appointed Officials and External Members;
- (j) **“SEAH”** means Sexual Exploitation, Sexual Abuse, and Sexual Harassment;
- (k) **“SEAH Check”** means a recruitment practice whereby job applicants are required to provide a SEAH Declaration and whereby the information contained in the Declaration is checked, as far as possible, through Reference Checks;
- (l) **“SEAH Declaration”** is a sworn-to-be-true, written disclosure of a person’s history of Sexual Exploitation, Sexual Abuse, or Sexual Harassment with regard to lawfully disclosable criminal convictions, or disciplinary measures or sanctions imposed by existing or former employer(s) and/or by disciplinary boards of professional organisations to which the person is or has been subject;
- (m) **“Sexual Abuse”** means the actual or threatened physical intrusion of a sexual nature, whether by force or under unequal or coercive conditions;
- (n) **“Sexual Exploitation”** means any actual or attempted abuse of a position of vulnerability, differential power, or trust, for sexual purposes, including, but not limited to, threatening or profiting monetarily, socially, or politically from the sexual exploitation of another;
- (o) **“Sexual Harassment”** any unwelcome sexual advance, request for sexual favour, or other verbal, non-verbal, or physical conduct of a sexual nature, that interferes with work, is made a condition of employment, or creates an intimidating, hostile, or offensive environment in connection with a Fund-related Activity, and, for the avoidance of doubt, Sexual Harassment may occur between or amongst persons of different sexes or genders or of the same sex or gender, and may be initiated by any gender or sex;
- (p) **“Staff”** means all persons appointed to a post in GCF under a letter of appointment (individually, a “Staff Member”);
- (q) **“Reference Checks”** mean the part of a selection and employment process whereby checks are performed to verify the accuracy and authenticity of references, statements, or declarations made by external job applicants on their educational, professional, and other background; and
- (r) **“Victim”** means the person who is, or has been, sexually exploited, abused, or harassed.

IV. Guiding Principles

5. GCF shall not tolerate any form of Sexual Exploitation, Sexual Abuse, or Sexual Harassment.
6. GCF and its Covered Individuals shall not engage in SEAH, and shall not engage with Counterparties that condone, encourage, participate in, or engage in SEAH.

7. GCF shall take all available measures to prevent, mitigate, investigate, and remedy SEAH in Fund-related Activities.
8. GCF shall take all available measures to protect actual or suspected Victims from retaliation or any detrimental act, direct or indirect, recommended, threatened, or taken against them, because of a report of actual or suspected SEAH.
9. The GCF shall take steps to encourage its relevant Counterparties to adopt policies and procedures that are consistent with this Policy, with the purpose of safeguarding against SEAH in Fund-related activities.
10. The GCF shall apply sanctions, disciplinary, or other remedial measures if this Policy is violated.

V. Obligations of Covered Individuals

5.1 Obligations of Covered Individuals

11. Covered Individuals shall uphold the guiding principles of this Policy and contribute to creating and maintaining an environment which prevents SEAH.
12. Covered Individuals shall not condone, encourage, participate in, or engage in SEAH in Fund-related Activities. In particular, they shall not:
 - (a) Use their position to sexually abuse, exploit, or harass any person implementing, engaged in, or benefiting from Fund-related Activities; or
 - (b) Engage in sexual activity with a child (as defined in Article 1 of the United Nations Convention on the Rights of the Child). Mistaken belief regarding the age of a child is not a defence. Any such activity shall be deemed to constitute Sexual Exploitation and/or Sexual Abuse.
13. Subject to the availability of protection against retaliation, Covered Individuals have a duty to report any suspected SEAH in Fund-related Activities as soon as possible after becoming aware of it to the IIU and to cooperate with the IIU in the context of an investigation, proactive integrity review, or other inquiry in accordance with decision B.BM-2018/21, Policy on the Protection of Whistleblowers and Witnesses.
14. Subject to the availability of protection against retaliation, any supervisor, manager, or other such person of GCF who receives a report of suspected SEAH which is made in good faith, is obligated to transmit such report without delay to the IIU.

5.2 Obligations of Counterparties

15. Counterparties shall have policies or procedures, or be subject to laws, setting out principles and standards of protection substantively equivalent to the ones set out in this Policy.
16. Counterparties, in Fund-related Activities, shall not directly or indirectly condone, encourage, or tolerate participation, or engagement in SEAH or any conduct substantially equivalent to SEAH as defined in this Policy.

17. To the extent permitted by any national law applicable to them, Counterparties are required to inform GCF through established channels², without delay, of SEAH or any conduct substantially equivalent to SEAH as defined in this Policy, suspected or alleged in connection with a Fund-related Activity.
18. To the extent permitted by any national law applicable to them, Counterparties shall cooperate with GCF in any GCF investigation into reports of suspected SEAH or any conduct substantially equivalent to SEAH as defined in this Policy, and take all appropriate measures, to ensure the cooperation of relevant persons and entities (within their control) subject to such investigation.
19. In addition to the foregoing, Accredited Entities and Delivery Partners are required to have in place effective policies and/or procedures designed to ensure prevention, detection, investigation, remedial action, and where appropriate, sanctions and reports to state agencies with authority over criminal prosecution of SEAH offences in Fund-related Activities. These shall include:
- (a) Protection against retaliation provided for actual and apparent victims of SEAH, witnesses of, and persons who qualify under the Policy on the Protection of Whistleblowers and Witnesses as whistleblowers with respect to SEAH; and
 - (b) Procedures to identify risks related to SEAH and prevent, report, investigate, and remedy SEAH in a Fund-related Activity.
20. Accredited Entities and Delivery Partners shall ensure that their contracts with each other and with third parties contracted to execute Fund-related Activities include obligations stipulated in paragraph 16 of this Policy and that such third parties:
- (a) Inform the Accredited Entity or Delivery Partner, as appropriate, through established channels, without delay, SEAH or any conduct substantially equivalent to SEAH, suspected or alleged in connection with a Fund-related Activity; and
 - (b) Cooperate with the relevant Accredited Entity or Delivery Partner in investigations into reports of suspected or alleged SEAH or any conduct substantially equivalent to SEAH and take all appropriate measures, to ensure the cooperation of relevant persons and entities (within their control) subject to such investigation.

VI. Prevention and Due Diligence

6.1 Covered Individuals

21. GCF shall ensure, as soon as practicable following the adoption of this Policy, that its recruitment, procurement, employment, or any other onboarding processes include SEAH Checks.
22. In conducting SEAH Checks, GCF shall ensure that Board-appointed Officials, External Members, and GCF Personnel complete SEAH Declarations prior to the offer of any appointment, employment, or contract.
23. Following the submission of the SEAH Declaration, GCF shall ensure that the appropriate Reference Checks are carried out for the purpose of verifying, to the extent possible, the

² Refer to decision B.22/19, annex XIV, Policy on Prohibited Practices, and decision B.BM-2018/21, Policy on the Protection of Whistleblowers and Witnesses.

accuracy and authenticity of the information provided by the job applicant, including the information provided in the SEAH Declaration.

24. Persons who are already employed or contracted by the GCF as Board-appointed Officials, External Members, or GCF Personnel at the time this Policy is adopted, shall be required to submit a SEAH Declaration without delay.

25. The failure to disclose, and/or the inaccurate or incomplete disclosure of, information with regard to any act of SEAH in the SEAH Declaration shall be treated as misconduct (as in the case of Staff) or breach of contract (as in the case of consultants), as appropriate. GCF reserves the right to withdraw any offer of appointment, employment, or contract, or to terminate any contractual engagement if the applicant is found to have provided untruthful information concerning any past criminal or disciplinary records regarding acts of SEAH.

26. Covered Individuals are required to disclose to GCF their intimate personal relationships with other Covered Individuals in the following circumstances:

- (a) When a management reporting relationship exists between the persons; or
- (b) When two or more persons have unequal positions at GCF and it could reasonably be perceived that a Conflict of Interest may exist (i.e. that a person in a superior position may be exerting his or her influence to unfairly benefit or disadvantage a person in a subordinate position).

6.2 Counterparties

27. GCF shall require that, through accreditation (in respect of entities not yet accredited) and reaccreditation processes (in respect of entities already accredited), all Accredited Entities have effective policies and procedures in place to identify risks related to SEAH and protect against, report, prevent, detect, investigate, and remedy SEAH, and shall monitor the compliance of Accredited Entities to that requirement.

28. GCF shall further ensure that its Monitoring and Accountability Framework³ for Accredited Entities assesses measures taken to protect against SEAH. Following a risk-based approach, and within a reasonable time frame, not to exceed 18 months, pursuant to the adoption of this Policy, GCF shall review and screen projects, project preparation, national adaptation plans, and readiness funding proposals for assurances that risks of SEAH have been assessed by the Counterparties concerned and, where necessary, SEAH protection plans and procedures are in place for the Funded Activity. Further, following the risk-based approach, GCF will review existing Funded Activities for such risks and where such risks are discovered, engage with the Counterparties concerned to address such risks immediately.

6.3 Awareness Raising, Communication, and Training

29. The Secretariat will prepare as soon as practicable policy implementation guidelines and an action plan to support the dissemination and implementation of this Policy and to raise awareness across GCF of the issue of SEAH and its potential ramification. The plan will include:

- (a) Making this Policy available on the GCF website;
- (b) Developing through consultative processes with stakeholders, and making available, policy implementation guidelines, training, guidance and tools, and communication

³ This includes but is not limited to mid-term reviews, self-assessment reports, and Annual Performance Reports. Templates should be in open data formats to enable ease of GCF access, analysis, use, and reporting.

- materials for Covered Individuals and Counterparties to raise awareness and support the implementation of this Policy;
- (c) Conducting, to the extent possible, awareness raising and training activities for and/or in collaboration with Covered Individuals, Counterparties, GCF beneficiaries, and relevant stakeholders in Fund-related Activities;
 - (d) Developing guidance, training, and procedures for those GCF Personnel responsible for assessing SEAH risks, and for working with Counterparties to ensure that proper safeguard systems are in place; and
 - (e) Ensuring that all Covered Individuals undertake mandatory training to ensure compliance with this Policy and relevant operating procedures.

VII. Reporting and Investigations

30. Any person or entity may report to the IIU actual or suspected SEAH as defined by this Policy. Persons with information concerning suspected SEAH, particularly when it involves Covered Individuals in Fund-related Activities, are strongly encouraged to report such information to the IIU.

31. Reports of actual or suspected SEAH should be made to the relevant authority designated for receiving the relevant report, as set out in the GCF Policy on the Protection of Whistleblowers and Witnesses and shall be dealt with in accordance with that Policy.

32. In accordance with the procedures provided for in the GCF Policy on the Protection of Whistleblowers and Witnesses:

- (a) Except in the situations described in subparagraphs (b), (c), and (d) below, reports of actual or suspected SEAH shall be sent to the IIU through any of the following points of contact on the proviso that any changes regarding the contact details shall be communicated and disseminated appropriately:

Email: integrity@gcfund.org

Hotline: +82 32 458 6155

Mailing Address: Independent Integrity Unit, Green Climate Fund, 175 Art Center-daero Yeonsu-gu, Incheon 22004 Republic of Korea;

- (b) Reports of actual or suspected SEAH regarding GCF Personnel, a Board-appointed Official (excluding the Executive Director and the Head of IIU), or an External Member of GCF Panels or Groups, shall be made to the Head of IIU at the IIU points of contact stated in subparagraph (a) above;

- (c) Reports of actual or suspected SEAH regarding a Co-Chair, Board Member, Alternate Member, Adviser, the Executive Director, or the Head of the IIU, shall be submitted to the Chair of the EAC who shall bring any such report to the attention of the EAC for its consideration in accordance with the procedures to be determined for such a case. Such reports shall be submitted in writing and in confidence to the Chair of the EAC through the following contact points:

Email: EAC-Chair@gcfund.org

Mailing Address: Chair of the Ethics and Audit Committee, Green Climate Fund, 175 Art Center-daero Yeonsu-gu, Incheon 22004 Republic of Korea; and

- (d) Reports of actual or suspected SEAH regarding a GCF Personnel working under the authority of the Head of the IIU shall be made to the Head of the IIU at the IIU points of

contact stated in subparagraph (a) above, or to the Chair of the EAC at the EAC points of contact stated in subparagraph (c) above on an interim basis until other mechanisms are established.

33. Persons or entities reporting actual or suspected SEAH shall do so in good faith and provide where possible any information or evidence in their possession that would support a reasonable belief that SEAH may have occurred. Prior to making a report, such persons or entities are not required to evaluate or to determine whether a report that they intend to make meets any threshold of seriousness or gravity. Reporting persons or entities are not required to prove the suspected SEAH or to meet any evidentiary requirements.

34. Reports of actual or suspected SEAH shall be investigated by the IIU in accordance with the relevant GCF policies and standards including but not limited to the GCF Policy on the Protection of Whistleblowers and Witnesses. The IIU shall treat seriously, and thoroughly investigate reports of suspected SEAH in a manner that is victim-centred, independent, and objective by conducting investigations, free of control or influence by any person or entity, and with scrupulous adherence to the principles of fairness and due process.

35. Following any IIU investigation, the GCF Secretariat shall take measures to monitor the situation regarding the status of any Victims and alleged perpetrators of SEAH, to ensure against retaliation as a consequence of the investigation, its findings or its outcome, and to ensure that any administrative or disciplinary measures, taken as a result of the investigation have been duly implemented.

36. Notwithstanding anything to the contrary in this Policy, any person, persons, or communities who have been or may be affected by SEAH in the context of a GCF-funded project or programme may bring complaints to the IRM in accordance with the IRM's Terms of Reference.

37. The IIU shall cooperate and coordinate with the IRM to maximise the effectiveness of this Policy. In the event that a report of SEAH is submitted to the IIU and also filed as a complaint with the IRM, and/or in situations where the IIU or IRM receives a complaint of SEAH from a person adversely impacted by the GCF-funded project or programme, the Heads of the IIU and IRM shall consult with each other and with the person reporting/complainant and determine how best to address the report or complaint so as to avoid parallel proceedings and/or investigations.

VIII. Protection and Remedies

38. Any Victim who reports, attempts to report, is believed to be about to report, or is believed to have reported suspected or actual SEAH (including concerns of suspected SEAH) in Fund-related Activities shall be entitled to all the protection (which includes anonymity and confidentiality, and protection from retaliation) and remedies, afforded to 'whistleblowers' as set out in the GCF Policy on the Protection of Whistleblowers and Witnesses.

39. Any other person who reports, attempts to report, is believed to be about to report, or is believed to have reported actual or suspected SEAH, or cooperates, attempts to cooperate, is believed to be about to cooperate, or is believed to have cooperated with a GCF investigation concerning a report of suspected SEAH, shall be deemed a 'whistleblower' or as a 'witness', as appropriate, and shall be entitled to all the related protection (which includes anonymity and confidentiality, and protection from retaliation) and remedies, as set out in the GCF Policy on the Protection of Whistleblowers and Witnesses.

40. Any Covered Individual who is a Victim of an act of SEAH perpetrated by another Covered Individual or member of personnel of a Counterparty in connection with a Fund-

related Activity and regarding whom a report of SEAH has been made in accordance with Section VII of this Policy, may request that GCF provide the following guidance and support:

- (a) Information and advice on the informal and formal reporting options, hotlines, and helplines which are available within and outside the GCF;
- (b) Information on available medical services and support;
- (c) Information on counselling, including psycho-social and stress counselling;
- (d) Advice from the Ethics Officer or Ombudsperson;
- (e) Information on available, low-cost health insurance options and services;
- (f) Information and referral to internal and external local services specialising in sexual harassment, violence against women, violence against LGBTIQ+ individuals, including gender non-conforming individuals, or support for men who experience violence, to the extent available; and
- (g) Support and guidance on how to report to and what to expect from the local authorities, particularly if the alleged behaviour constitutes a crime.

41. In emergency situations, any Covered Individual who is a victim of Sexual Exploitation or Sexual Abuse perpetrated by another Covered Individual or member of personnel of a Counterparty in connection with a Fund-related Activity may request that GCF provide interim medical relief or other support services as required to address the immediate harm.

42. Any person who is a victim of SEAH perpetrated by a Covered Individual on GCF premises or during an activity or event hosted by GCF, regarding whom a report of SEAH has been made in accordance with section VII of this Policy, may request that GCF provide the protection provided for in paragraphs 40 and 41 above.

43. Acts of SEAH, or retaliation against an actual or suspected SEAH victim, committed by GCF Personnel shall amount to misconduct or breach of contract and shall be subject to disciplinary or other remedial measures as appropriate, in accordance with the relevant GCF policies, rules, and procedures.

44. Acts of SEAH, or retaliation against an actual or suspected SEAH victim, committed by Covered Individuals other than GCF Personnel shall amount to misconduct or breach of contract and shall be subject to disciplinary or other remedial measures as provided in the relevant GCF Policies on Ethics and Conflicts of Interest, as applicable to them.

45. Any person or entity who makes a False or Malicious Report may be subject to sanctions or disciplinary action in accordance with relevant GCF policies and guidelines, and the provisions of any contractual agreements existing between GCF and the person or entity.

46. Where an act of SEAH, or retaliation against an actual or suspected Victim, has been found in a Fund-related Activity, GCF shall endeavour to apply its good offices with appropriate authorities to secure necessary protection and to employ other reasonable measures for the Victim.

47. Where an act of SEAH, or retaliation against an actual or suspected Victim, is perpetrated by a Covered Individual or a Counterparty in a Fund-related Activity has been substantiated through an investigation conducted by GCF, and corrective or disciplinary measures have been imposed against a Covered Individual, or sanctions have been imposed against a Counterparty, the IIU, in consultation with the EAC, may recommend that GCF or the Counterparty take appropriate remedies for the benefit of the Victim. GCF shall ensure that such remedies are implemented by the Secretariat without undue delay. However, in the event that the Secretariat is unable to implement the recommended remedies, the Secretariat shall

promptly seek guidance from the EAC in order for the EAC to determine the appropriate course of action.

48. A Counterparty found to have directly or indirectly condoned, encouraged, participated, or engaged in acts of SEAH, or retaliation against actual or apparent victims of SEAH, in a Fund-related Activity, or which negligently has failed to prevent or which has failed to investigate, report, or remedy SEAH or SEAH retaliation in a Fund-related Activity, may be subject to sanctions or other remedial measures, as appropriate, in accordance with relevant GCF policies and taking into account any legal agreements that may be concluded between GCF and the Counterparty.

IX. Policy Implementation, Monitoring, Reporting, and Review

49. The Secretariat shall be responsible for the effective implementation, monitoring, and reporting to the Board annually regarding its obligations under this Policy. It shall develop guidelines and procedures, in consultation with the IIU, to operationalise and implement this Policy promptly following its adoption.

50. The GCF Secretariat, as far as possible and within 12 months of the adoption of this Policy, shall endeavour to amend existing legal agreements with Accredited Entities as necessary to include obligations set out in paragraphs 15 to 20 above, and to obtain from such Accredited Entities, a declaration and relevant supporting documentation to demonstrate, that they have in place policies and/or procedures to comply with those obligations. The review of such policies and/or procedures by the Secretariat shall take place at the reaccreditation process.

51. The GCF Secretariat shall ensure that by no later than six months from the date of this Policy, all new legal agreements entered into with Accredited Entities include the obligations set out in paragraphs 15 to 20 above, and any new accreditation will comply with the requirements set out in paragraph 27 above.

52. The GCF Secretariat, as far as possible, following a risk-based approach, and within 12 months of the adoption of this Policy shall endeavour to amend any existing legal agreements with Delivery Partners as necessary to include the obligations set out in paragraphs 15 to 20 above.

53. The GCF Secretariat, as far as possible, following a risk-based approach, and within 12 months of the adoption of this Policy shall endeavour to amend any existing contracts with Counterparties for the procurement of goods and/or services concluded based on standard formats of contracts for the procurement of goods and/or services as necessary to include the obligations set out in paragraphs 16 to 18 above.

54. The GCF Secretariat shall ensure that by no later than three months from the date of adoption of this Policy, its standard formats of contracts for the procurement of goods and/or services are updated to include the obligations set out in paragraphs 16 to 18 above and are used for procurement contracts concluded thereafter.

55. With respect to Counterparties other than the ones referred to in paragraphs 50 to 54 above, within 12 months of the adoption of this Policy, the Secretariat, in consultation with the IIU, shall establish procedures and guidance, as appropriate, to identify the modalities through which, and the extent to which, the obligations set out in paragraphs 15 to 18 above should apply to such Counterparties and must be reflected in future legal arrangements with such Counterparties, taking into account relevant factors that may include:

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- (a) Whether the policies, rules, and procedures of such Counterparties, or laws applicable to them, set out principles and standards of protection substantially equivalent to the ones of this Policy;
 - (b) The legal status, scope, and nature of the relationship of GCF with the Counterparty, including risk of SEAH arising from any such relationship and activities undertaken pursuant thereto;
 - (c) The rules and practices of other international organisations, including multilateral funds and multilateral development banks; and
 - (d) Commercial practice and international law.

56. The IIU shall recommend improvements to this Policy and related procedures and controls to mitigate opportunities for SEAH in Fund-related Activities and ensure that Covered Individuals adhere to the Policy. The IIU shall also maintain and publicly disclose a case registry of reports including regarding SEAH, within the limitations of the GCF Policy on the Protection of Whistleblowers and Witnesses in force, and in accordance with relevant GCF policies and standards regarding information disclosure.

57. Every three years, the Ethics and Audit Committee, with the support of the IIU and the Secretariat, will present a report to the Board on issues related to the implementation of this Policy along with any recommendations for changes to it. Such reports will take into account new standards or policies developed and implemented by peer institutions and partners regarding the range of their activities.

X. Effective Date

58. This Policy shall come into effect following the approval of the Board of the GCF.

Annex XI: List of conditions and recommendations

2. The approval of the funding proposals approved by the Board pursuant to decision B.23/10 shall be conditional upon the satisfaction of the conditions set out in tables 1 and 2.

Table 1: General conditions applicable to all funding proposals

FP number	Conditions
All proposals	<p>(a) Signature of the funded activity agreement (“FAA”) in a form and substance satisfactory to the GCF Secretariat within 180 days from the date of Board approval, or the date the accredited entity has provided a certificate or legal opinion set out in paragraph (ii) below, or the date of effectiveness of the accreditation master agreement (“AMA”) entered into with the relevant accredited entity, whichever is later.</p> <p><u>Satisfaction of the following conditions prior to the signing of the FAA:</u></p> <p>(i) Completion of the legal due diligence to the GCF Secretariat satisfaction; and</p> <p>(ii) Submission of a certificate or a legal opinion in a form and substance that is satisfactory to the GCF Secretariat, within 120 days¹ after Board approval, or the date of effectiveness of the AMA entered into with the relevant accredited entity, whichever is later, confirming that the accredited entity has obtained all final internal approvals needed by it and has the capacity and authority to implement the proposed project/programme.</p>

Table 2: Conditions specific to individual funding proposals

FP number	Conditions
FP107 (UNDP Bhutan)	<i>None.</i>
FP108 (FAO Pakistan)	<i>None.</i>
FP109 (UNDP Timor-Leste)	<p><i>Relevant iTAP conditions</i></p> <p>Condition precedent to all disbursements for drinking water supply interventions under activity 2.2:</p> <p>(a) Delivery to the GCF by the accredited entity of evidence, in form and substance satisfactory to GCF, that hygiene and improved sanitation interventions to be provided by third parties are in place before, or are put in place simultaneously with, the drinking water intervention, as described in the funding proposal. For the avoidance of doubt, evidence may include, but not be limited to, the letter of commitment by a third party including a description of the project, availability of funding, project budget, schedule and area of influence; and</p> <p>Covenant:</p> <p>(b) The accredited entity shall ensure that the GCF proceeds will not support or finance, directly or indirectly, any activities in relation to drinking water supply interventions in targeted municipalities that do not satisfy the requirements of the condition precedent to all disbursements, as set out above.</p>
FP110	<i>None.</i>

¹ For FP111 (IDB Honduras), the period shall be 180 days.

FP number	Conditions
(UNDP Ecuador)	
FP111 (IDB Honduras)	<p><i>Relevant iTAP conditions</i></p> <p>Prior to the first disbursement under the FAA, the accredited entity shall deliver to the Fund:</p> <ul style="list-style-type: none"> (a) An operational manual, developed by the Executing Entity and approved by the Accredited Entity, for the water fund (and sub-funds) including the following items: <ul style="list-style-type: none"> (i) Guidelines for engagement with indigenous communities, including free, prior and informed consent processes; Minimum criteria on additionality and conditionality to be agreed with all the water councils, encompassing the actions beyond regulatory compliance that the water fund will be paying for and the conditions that trigger payments. Furthermore, it should include obligations on landowners / managers (i.e. what kind of land care is expected of them) and the benefits they may expect to receive from the water fund to achieve adequate protection of the land and delivery of the ecosystem services; (ii) Transparency mechanisms in the use of GCF proceeds, in accordance with Clauses 9.03(a) and 18.02(e) of the AMA; (iii) Current water tariff projections based on a willingness to pay by downstream water users, including differentiated tariff system based on socio-economic conditions; (iv) Local grievance redress mechanisms; (b) A template agreement with private landowners for agroforestry management, including, but not limited to, obligations of landowners/managers to achieve long-term agroforestry systems. <p>Prior to the second disbursement under the FAA, the accredited entity shall deliver to the Fund:</p> <ul style="list-style-type: none"> (c) a copy of the agreements reached with each of the 11 water sub-funds on the PES systems for the use of resources, including, but not limited to, equitable distribution of payments, mechanism of community participation, empowerment and gender inclusion.
FP112 (UNDP Marshall Islands)	<p><i>None.</i></p>
FP113 (IUCN Kenya)	<p><i>None.</i></p>
FP114 (AfDB Ghana)	<p><i>Relevant iTAP conditions</i></p> <p>Prior to the first disbursement of funds by GCF under the funded activity agreement, the Accredited Entity (AE) shall deliver, in a form and substance satisfactory to the Secretariat:</p> <ul style="list-style-type: none"> (a) An operations manual, developed by the selected LFIs and approved by the AE, for implementation of the GCF programme and any other climate change-related projects implemented by the selected LFIs in the targeted sector, including the following: <ul style="list-style-type: none"> (i) Selection criteria of subsectors and eligibility criteria (e.g. minimum expected impacts in GCF result areas, minimum expected socio-economic benefits,

FP number	Conditions
	<p>minimum co-financing ratios, final beneficiaries, minimum requirements to technology to be implemented, among others) for the selection of subprojects in each targeted subsector;</p> <ul style="list-style-type: none"> (ii) A proposal selection process, including a criteria scoring system and decision-making procedure for approval of subprojects; (iii) Methodologies for calculation of GHG emission reductions by technologies planned to be implemented, for monitoring and impact measurements; (iv) A feasibility study on sector-related climate change rationale, needs of final beneficiaries in respect of technology knowledge transfer, finance and market, among others; and (v) An indicative pipeline of subprojects; and <p>(b) A training programme in relation to the activities to be implemented under component 2, developed by the selected LFIs and approved by the AE, based on the studies conducted for the proposed programme on the gap and barrier analysis. The training programme shall include:</p> <ul style="list-style-type: none"> (i) Training material for the selected LFIs and the final beneficiaries (MSMEs/FBAs); and (ii) An implementation plan detailing the training provider institutions, responsibilities and results to be achieved.
<p>FP115 (MUG Chile)</p>	<p><i>Relevant iTAP conditions</i></p> <ul style="list-style-type: none"> (a) Prior to the execution of the FAA (or the first disbursement), the accredited entity should submit to the Secretariat a draft communication plan, in the form and content satisfactory to the Secretariat, to enhance dissemination of the project's benefits, knowledge and lessons learned in development, construction and operation of the project in the context of climate change technology transfer among public sector including government agencies and regulator, and private sector investors and financiers. The plan should include the accredited entity's communication strategy indicating the methodology of communication, targeted participants (public and private sector) and schedule, and should not be limited to events and seminars that the accredited entity participates or engages as its usual marketing and commercial efforts.
<p>SAP007 (WFP Zimbabwe)</p>	<p><i>Relevant iTAP conditions</i></p> <p>Prior to first disbursement of funds by GCF under the funded activity agreement, the accredited entity shall deliver in a form and substance satisfactory to the GCF Secretariat:</p> <ul style="list-style-type: none"> (a) A signed memorandum of understanding between WFP and the Meteorological Services Department (MSD) under the Ministry of Lands, Agriculture, Water, Climate and Rural Resettlement (MoLAWCRR) that governs their collaboration under the project, most particularly under component 1. The memorandum of understanding would include: a specific clause on access to relevant data and datasets for the accurate and timely implementation of project activities; (b) A draft training programme for all related capacity building activities within the Project, in consultation with MoLAWCRR, which shall include: <ul style="list-style-type: none"> (i) training topics for the different target groups; and (ii) an implementation plan detailing the training provider institutions, their responsibilities and results to be achieved.

3. In addition, it is recommended that, for all approved funding proposals, disbursements by the GCF should be made only after the GCF has obtained satisfactory protection against litigation and expropriation in the country where the project/programme will be implemented, or has been provided with appropriate privileges and immunities in that country.

4. It is also recommended that the accredited entity implements the following recommendations during the implementation of the relevant project or programme.

Table 3: Project-specific recommendations

FP number	Recommendations
FP107 (UNDP Bhutan)	<p>The iTAP recommends the following for successful implementation of the project:</p> <ul style="list-style-type: none"> (a) Ensure a stronger supervisory and coordination role is played by the accredited entity in order to ensure complementarity of various components and involvement of different key stakeholder institutions of the project; and (b) Given that new grassroots-based organizations such as Water User Associations and Road User Groups will monitor and maintain water (i.e. irrigation) and road infrastructure, the project should develop guidelines of participation and supervision of their performance involving national institutions. A failure to guide the processes might reduce the effectiveness of the application of such newly constituted grassroots-based participatory organizations, which in turn may adversely affect overall maintenance of critically important infrastructure.
FP108 (FAO Pakistan)	<p><i>None.</i></p>
FP109 (UNDP Timor-Leste)	<p>The iTAP recommends that the accredited entity develop and describe specific activities aimed at disseminating lessons learned throughout the country or region.</p>
FP110 (UNDP Ecuador)	<p>The iTAP recommends the following:</p> <ul style="list-style-type: none"> (a) Strengthen the gender action plan, giving greater emphasis to the creation of economic access (through, e.g., tailor-made skills enhancement programmes, credit support) to the modalities, such as SMEs, value chains and marketing of NTFP; (b) Ensure that the environment and social impact assessment is completed, as promised, during the inception stage; (c) Strengthen the project monitoring and reporting mechanisms to ensure that deforestation and forest degradation do not take place during the course of the project implementation, involving regular monitoring, reporting and verification (MRV) opportunities and end-of-project MRV compliance; and (d) Strengthen the project governance structure by creating greater opportunities for the representation of indigenous people, and women's, youth and civil society organizations in project governance beyond participation in the inception level consultations.
FP111 (IDB Honduras)	<p><i>None.</i></p>
FP112 (UNDP Marshall Islands)	<p>The iTAP recommends the following:</p> <ul style="list-style-type: none"> (a) Review the cost of water tanks, considering other options for types of tanks that could result in a reduction of costs; and



	(b) Evaluate the actual needs and costs related to foreign engineers, trying to maximize the participation of trained local technicians.
FP113 (IUCN Kenya)	<p>The iTAP recommends that the accredited entity and the project management unit work closely with the executing entity on component 3 so that recipients of the proposed fund for value chain intermediaries will also receive proper training and other auxiliary support, as needed. Effective implementation of component 3 will enable the community-run micro-enterprises to succeed in following a business model and become a source of inspiration for other similar micro-enterprises in the ASALs.</p> <p>The iTAP also recommends that a baseline KAP study is conducted involving the members of the target communities, as a part of the monitoring framework. The study findings will be compared with KAP findings at the end of the project in order to understand progress made in community mobilization for achieving the objectives of the EBA project.</p>
FP114 (AfDB Ghana)	<i>None.</i>
FP115 (MUFG Chile)	<i>None.</i>
SAP007 (WFP Zimbabwe)	<p>Moreover, the iTAP recommends:</p> <p>(a) Upon finalization of the climate and food security analysis to be conducted in the targeted two districts under Activity 1.1.2 of the proposed Project, as described in the Funding Proposal, the accredited entity shall ensure that the results of this analysis are taken into account in the finalization of the training programme.</p>
