



**GREEN
CLIMATE
FUND**

Meeting of the Board
16 – 19 March 2021
Virtual meeting
Provisional agenda item 6

GCF/B.28/Inf.03/Add.01

15 March 2021

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

Summary

This document contains the reports on activities that have already conducted or are planned to be undertaken by the following committees and panels of the Board of the Green Climate Fund during the reporting period from 1 October to 31 December 2020:

- (a) Budget Committee;
- (b) Independent Technical Advisory Panel;
- (c) Investment Committee; and
- (d) Performance Oversight Committee.

I. Introduction

1. This report covers the reporting period of 1 October 2020 to 31 December 2020, and also indicates activities planned to be carried by the committees and panels of the Board of the GCF in advance of its twenty-eighth meeting (B.28).

II. Report on activities of the Budget Committee

2. The report addresses the mandate given to the Budget Committee (BC) in annex XXX to decision B.12/37, to provide budgetary guidance to the Board on the preparation and implementation of the administrative budget and annual work programme of the Secretariat.

2.1 Activities during the reporting period

3. During the reporting period, the BC considered and endorsed the 2021 budget of the Secretariat, IRM, and IIU on October 16, 2020. The BC also considered and endorsed the 2021 budget of the IEU' on October 19, 2020. The BC endorsed the document titled "Initial analysis of options to minimize the effects of currency fluctuations on the commitment authority of the GCF" on October 20, 2020.

4. BC conducted two virtual meetings on January 25 and February 11. Apart from the virtual meeting, several issues were resolved through the exchange of views via email.

5. On its meeting on January 25, 2021, The Budget Committee (BC) members unanimously agreed that Mr. Jose Delgado should continue to chair the BC for 2021 subject to future findings and decisions on committees and panels.

6. The Budget Committee (BC) reviewed the Second Performance Review (SPR) Budget, presented by Independent Evaluation Unit (IEU), on January 25, 2021, and provided their comments. The BC scrutinized the budgetary request based on the approach proposed and endorsed the budget on February 18. The BC reinforced that they could only endorse the budget elements. It also noted that the SPR approach and process is beyond the BC mandate and will be subject to the Board review.

7. The BC reviewed the document "Cost implications of the implementation of SEAH Policy and Environmental and Social Policy Revisions" and provided their comments via email. The BC endorsed the budget on February 15, 2021.

8. On January 25, 2021, the BC revisited the document "Initial analysis of options to minimize the effects of currency fluctuations on the commitment authority of the GCF" and provided their comments. The BC had already endorsed the revised document on October 20, 2020. The BC agreed to present this document as in between the Board meeting (B.BM) decision.

9. The BC reviewed the document titled "Report on the execution of 2020 administrative budget" on February 11, 2021, provided comments, and then endorsed the report on February 22, 2021, via email.

10. Before B.28 BC will be reviewing additional budget items for the documents considered by the other committees.

11. BC members requested a background paper on the expected impact on consultants and travel budgets for 2021 in light of the COVID-19.

12. The BC also requested that the Secretariat and all the independent units standardize the budget descriptions wherever possible.

2.2 Next Steps

13. The BC will convene the next virtual meetings after B.28 meeting.

III. Report on activities of the independent Technical Advisory Panel

14. This report addresses the mandate given to the independent Technical Advisor Panel (TAP), in annex IV to decision B.07/02, to provide policy guidance to the Board on accreditation-related matters.

3.1 Activities during the reporting period

15. The independent Technical Advisory Panel (TAP) continued to review funding proposals and conduct its assessments based on the initial investment framework and guidelines provided through various subsequent decisions.

16. Since the previous reporting period, the TAP received 18 funding proposals, out of which four were resubmissions. Of the four resubmissions, two were previously declined by the TAP and the other two were endorsed but the accredited entity (AE) subsequently introduced changes or deferred submission.

17. The funding proposals were forwarded by the Secretariat to the TAP on 18 December 2020 as scheduled.

18. Because of travel restrictions imposed globally, the TAP meetings all took place online. During this assessment cycle, the TAP had online meetings for 22 days, in which all TAP members, the Secretariat, and AEs participated. In addition, the TAP members had numerous side meetings online among themselves or with the Secretariat to discuss specific funding proposals.

19. The TAP assessed all 18 funding proposals. In carrying out these assessments, the TAP continued to engage with the AEs. This was done by sending written questions and receiving written responses, as well as through conference calls to present the TAP assessments and discuss possible conditions and recommendations.

20. The TAP concluded its assessment exercise on 27 January 2021. The TAP assessment reports were submitted by the week of 15 February 2021. For this round as well, the assessment period remains short given the holiday seasons. All meetings had to be taken online for only a few hours a day due to time differences.

21. Out of the 18 funding proposals, the TAP endorsed 17 funding proposals for the twenty-eighth meeting of the Board. One funding proposal was not endorsed. The TAP believes that it requires additional work to present more comprehensive and consistent arguments to justify the interventions.

22. The TAP is pleased to have four new members who participated in the TAP assessment exercise for this round thanks to the swift support of the procurement team of the Secretariat. The new members subsequently participated in the two-day onboarding session organized by the Secretariat. The session was found informative and helpful.

23. The TAP has further discussed with the Secretariat's information technology team to work on establishing an operational platform where the TAP is able to store all of its assessments and interactions with the Secretariat and AEs for the purpose of enhancing consistency and efficiency in TAP operations. The platform will also enable the TAP to prepare and share draft assessments online.

24. The TAP has engaged in discussions with the Secretariat to align and coordinate approaches on critical operational issues and themes. As the first step, a conference call will be organized to kick start discussions about the climate rationale for adaptation interventions.

25. The TAP had a conference call with the Investment Committee on 28 January 2021, where the TAP clarified comments and concerns raised previously about the draft TAP operational policy. The TAP indicated its support for the recommendations in general. However, the TAP pointed out that a substantial increase in TAP members' workload is envisioned following the introduction of the assessment on a rolling basis combined with shifting to a virtual process, which, although unavoidable, has already presented a significant decline in TAP operational efficiency. It would practically prevent TAP members from seeking business opportunities outside of the TAP. Subsequently, the TAP provided the Secretariat with a letter for Co-Chairs indicating TAP views and comments on the draft TAP operational policy.

IV. Report on activities of the Investment Committee

4.1 Organizational activities

26. The Investment Committee (IC) held two virtual calls during the reporting period to advance its work on several board mandated matters, including issuing a between-board meeting (BBM) decision on confirming the recruitment of four new independent Technical Advisory Panel (TAP) members, update of operational modalities of independent TAP, and guidance to the Secretariat on the review of financial terms and conditions of GCF financial instruments.

27. The Committee further discussed the drafts of investment framework policy papers with the view of having them transmitted to the Board for broader consultations at the request of the co-chairs. No further work was undertaken by the Committee since October 2020 on this matter.

28. The Committee had also received Joe Yamagata's resignation from the independent TAP effective April 2021. The Chair of the Investment Committee has informed the Board of Mr. Yamagata's resignation through a note to co-chairs (see Annex I) and would welcome Board's guidance for the Committee on the matter.

4.2 Activities during the reporting period

29. During the reporting period, the IC has progressed its work on the following matters:

- (i) Requesting the Co-Chairs to issue a decision without a Board meeting for the Board's consideration, nominating four new TAP members selected through an Investment Committee led panel;
- (ii) Revision of the structure and operations of the independent TAP;
- (iii) Review of the financial terms and conditions of GCF financial instruments.

30. The Committee recommended that the Co-Chairs consider issuing a decision without a Board meeting which was sent to the Board on 23 November 2020 for adoption on no-objection basis. The decision included the nomination of four new TAP members selected through a committee-led recruitment process. The new members added to the existing panel of TAP members include:

- (1) Andreas Biermann (Male, Germany)
- (2) Caroline Petersen (Female, South Africa)

- (3) Ricardo Nogueira (Male, United States of America)
- (4) Rey Guarin (Male, Philippines)

31. The committee also finalized a draft decision transmitted to the Co-Chairs for consideration to be issued as a decision without a Board meeting which was sent to the Board on 5 March 2021 for adoption on no-objection basis. The decision included the extension of three existing TAP members whose contracts will expire in April 2021. The members include:

- (1) Daniel Nolasco
- (2) Felix Dayo
- (3) Marina Shvangiradze

32. The Committee further considered a draft paper and decision text on the 'revision of the structure and operations of the independent TAP'. The paper outlined recommendations from the consultant's report commissioned at IC's request and presented to the Board at B.25 (as per decision B.19/08) to propose various modifications in the current operations of the TAP in their review of funding proposals, and to present options to accommodate the increased workload resulting from the higher number of funding proposals to be processed. These recommendations include initiating a review process for independent TAP on rolling basis, provision of smaller peer review groups within TAP, increased use of virtual meetings to finalize review, remuneration changes, and development of internal and external guidelines. The Committee noted that implementation of the policy proposal by the Secretariat would allow to gain efficiencies in the review process and decrease in overall costs.

33. In order to finalize the policy paper for B.28, the committee held a trilateral call on 11 February 2020 with the Secretariat and the TAP to discuss pending matters. The committee requested the Secretariat to update the paper based on inputs provided by the members, following which the paper was presented to the IC on a no-objection basis for B.28 publication and transmittal to the Board.

34. However, during the final review, the Investment Committee could not reach consensus on a proposal from the Secretariat regarding whether the TAP assessments for non-endorsed proposals should be shared with the Board. Because of this, the Investment Committee was unable to provide guidance to the Secretariat regarding the specific procedure noted in the final document on this issue.

35. Noting Board decision B.25/09 (i), the Secretariat published the paper on 4 March 2021 for Board's consideration at B.28, taking into account the discussions and guidance from the Investment Committee and the independent TAP.

36. The Committee also considered the draft paper on the 'review of financial terms and conditions of GCF financial instruments'. The paper includes recommendations emanating from the consultant's report for Board's consideration on the frequency of the review by the committee of financial terms and conditions of GCF financial instruments, explore the options related to local currency lending and guarantee instruments, and feasibility of assigning a credit rating for the Fund. The Committee could not reach consensus on the final paper for B.28 publication. Noting decision B.24/04, further guidance from the Committee on this matter is pending.

37. The Committee also adopted its work plan for 2021, which covers weekly targets and deadlines to finalize key milestones for each Board meeting and agreed to a regular meeting schedule to advance work on pending items.

4.3 Next Steps

38. The Committee, as part of its workplan, will continue its work on supporting several board mandates, including GCF support to adaptation, scaling pilot, and investment framework policies.

V. Report on activities of the Performance Oversight Committee

39. The Performance Oversight Committee (POC) successfully concluded the RFP for the consulting service of the performance evaluation and performance-related pay systems of Board-Appointed Officials and started the implementation of the contract with SRI Executive.

5.1 Activities during the reporting period

40. The Kick-off meeting with POC and SRI Executive was held on 14 December 2020, discussing the performance management methodology's overview aligning with the expected timeline.

41. As the Board-Appointed Officials did not undergo the 2020 performance review, POC ensured the contract with the SRI Executive to conduct both 2020 and 2021 performance reviews and evaluations of the Board-Appointed Officials.

42. With the Secretariat's support, data collection, consultations, and meeting arrangements will be assisted by OHR, and the 360 evaluation of 2020 and 2021 was also emphasized to be conducted in alignment with GCF's performance review.

43. By receiving guidance from SRI Executive on building the Board-Appointed Officials' performance evaluation platform, it is expected to establish a unique GCF system within the 2-year cycle from the consulting service.

5.2 Next Steps

44. Well-defined objectives for the Board-Appointed Officials would be set up through consultation and agreed with the POC.

45. The POC members will be actively meeting with SRI Executive to set up the Board-Appointed Officials' evaluation system with OHR's support.

Annex I: Note from Investment Committee Chairperson to the Co-Chairs on Joe Yamagata's resignation from ITAP

Dear Co-Chairs,

Joe Yamagata, who is currently serving as the Chair of the independent Technical Advisory Panel (TAP), has recently informed the Investment Committee of his decision of resigning from the TAP position at the end of March 2021. During his remaining term, Joe has agreed to continue working for the independent TAP on outstanding issues and attend B.28 meeting. He would no longer be available to participate in B.29 assessment cycle.

We wish to inform the Board of Joe's departure and would welcome Board's further guidance on the next steps.

Yours sincerely,
Tlou Ramaru
