



**GREEN
CLIMATE
FUND**

Meeting of the Board
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Provisional agenda item 6

GCF/B.33/Inf.09

24 June 2022

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

Summary

This document contains the reports on activities that have already been conducted or are planned to be undertaken by the following committees of the Board of the Green Climate Fund during the reporting period from 1 January to 31 May 2022:

- (a) Budget Committee;
- (b) Performance Oversight Committee; and
- (c) Investment Committee.

I. Introduction

1. This report covers the reporting period of 1 January to 31 May 2022, and contains activities that have already been conducted or are planned to be undertaken by the committees and panels of the Board of the GCF in advance of its thirty-third meeting (B.33).
2. It is to be noted that with the change in term of Board membership as of 1 January 2022, the Board appointed committee members at its thirty-first meeting. As the members of the Board representing the Latin American and Caribbean States have not yet been selected, some committee memberships remain vacant. Also, the Risk Management Committee has not yet been constituted as at the date of this document's publication.

II. Report on activities of the Budget Committee

2.1 Activities during the reporting period

3. The report addresses the mandate given to the Budget Committee (BC) in annex II 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.
4. During the reporting period, the Board reconstituted the Budget Committee. The Board appointed the following members to the Budget Committee:
 - (i) Jose Delgado
 - (ii) Katrijn Coppens
 - (iii) Kyunghee Kim
 - (iv) Karma Tshering
 - (v) Marta Mulas
5. During the reporting period, the BC conducted two virtual meetings on April 28, 2022 and June 9, 2022. Apart from the virtual meeting, several issues were resolved through the exchange of views via email.
6. At its meeting on April 28, 2022, the BC members unanimously agreed on the confirmation of "Inter pares" for the budget committee. Given that there was an empty seat pending GRULAC nominations, the committee's previous chair, Mr. Jose Delgado, agreed to continue in a coordination role and BC will then formally elect a chair when the vacant seat is filled.
7. The BC reviewed the document titled "Report on the execution of 2022 administrative budget" on April 28, 2022, provided comments, and endorsed the report via email on April 29, 2022.
8. The BC reviewed the paper on the amount to be set aside for the foreign exchange commitment risk buffer for solvency risks of the Green Climate Fund. The BC requested for additional analysis and agreed to review it after the Risk Management Committee reviews the calculations again on the risk buffer. The BC members emphasized the need of hedging policy for the fund and the impact of not having a hedging policy on the risk buffer requirement.
9. The BC members also reviewed the Status of the Second Performance Review (SPR) budget via email.
10. At its meeting on June 9, 2022, the BC reviewed the 2022 work plan and calendar, it was agreed that it would be re-circulated via email for comments from the BC members.

2.2 Next steps

11. The BC members will formally elect a chair when the vacant seat is filled.
12. The BC will hold a virtual meeting on June 21, 2022.

III. Report on activities of the Performance Oversight Committee for the Board-Appointed Officials

13. Through B.BM-2020/04, the Board approved the implementation of the performance evaluation and performance-related pay for Board-appointed officials and decided that the Performance Oversight Committee (POC), with support of the Secretariat, would engage an independent and external Search firm consistent with GCF procurement Guidelines.

14. The POC members were newly appointed after B.31 and convened the first meeting on 26 April 2022, electing Mr. Mathew Haarsager as Chair of the POC.

3.1 Activities during the reporting period

15. The POC members were introduced to the decision text on the performance evaluation and performance-related pay for Board-appointed officials, which has already been approved by the previous POC members and confirmed for circulation as a BBM to seek the Board's approval. The GCF/B.BM-2022/04 "Performance evaluation and performance-related pay for Board-appointed officials" decision was approved and adopted by the Board on 10 May 2022, and the POC moved forward with further actions.

16. During the meetings on 26 April and 18 May 2022, the POC agreed that the 2022 performance evaluation for the BAOs should be initiated without further delay. It also agreed to an assessment of the quality of SRI's performance to date and recommended that an extended service contract would be more appropriate to assist the POC with its continuing responsibility.

17. Due to the urgency of the performance evaluation, the POC agreed to move forward with the extension of the SRI Executive contract to carry out the 2022 performance evaluation for the BAOs. The POC also requested a concurrent assessment of SRI performance, either in the form of and is willing to consider an internal assessment versus an external review.

18. The Secretariat was asked to share with the POC members a note outlining details on how the evaluation of the 2022 performance of the BAOs will be carried out by SRI, including a proposed timeline for the performance evaluation and any other relevant details for these processes. The note will also include detailed guidelines on SRI's internal assessment by the POC, and the POC will approve the agreement as a non-objection.

19. The POC agreed to start working on the 2023 performance evaluation for the BAOs to enable an effective start of the evaluations at the beginning of 2023.

3.2 Next steps

20. The Secretariat will provide guidance to the POC members on the process and tasks to be performed by the POC in relation to the technical evaluation of the Search Firm SRI. The POC will also meet with SRI, which is being contracted for the 2022 Performance Evaluation of the BAOs, presenting to the POC the methodology, the process and the timeline for the 2022 performance evaluation.

21. The POC will finalise the technical evaluation of the SRI to perform the 2022 performance evaluation of the BAOs and consider continuing the engagement of an independent and external search firm that can support the POC with their responsibilities.

IV. Report on activities of the Investment Committee

4.1 Organizational activities

22. The Investment Committee (IC) virtually held one informal briefing call during the reporting period: 1 January 2022 and 31 May 2022. In addition, the IC also held one face-to-face meeting on the margins of B.32 meeting in Antigua and Barbuda on 16 May 2022. The agenda for the call/meeting covered discussion on key items for the IC mandated by the board, including the selection of the chair, the workplan for 2022, review of terms and conditions of GCF financial instruments, the independent Technical Advisory Panel (TAP) vacancy recruitment, and TAP group evaluation.

23. The IC appointed Mr. Kitamura Toshihiro (Japan) as its Chair, succeeding Mr. Tlou Ramaru (South Africa).

4.2 Activities during the reporting period

24. During the reporting period, the IC finalized the workplan for 2022 and progressed its deliberations on the following matters:

- (a) Recruitment of vacant independent TAP positions;
- (b) Review of the terms of conditions of GCF Financial Instruments;
- (c) Review of the independent TAP.

25. The Committee, with support from the Secretariat, had initiated the recruitment process for the vacant independent TAP positions as per decision B.BM-2021/10 and issued a call for experts on 28 September 2021. As a result, the Secretariat received 93 applications. Under the guidance of the previous IC members, the Secretariat prepared a longlist of candidates based on selection criteria approved by the Investment Committee, which considered, among others, factors such as gender balance and geographical representation. The Committee also requested the Secretariat to screen applications for candidates with forestry and natural resource management expertise, which was identified as a need by the Chair of the independent TAP. This was added as an additional criterion in the long listing process. Furthermore, another member of independent TAP resigned in February 2022, resulting in a vacant position that requires private sector financing expertise. Under the guidance of the IC, the Secretariat added this criterion for screening. The current longlist includes 11 candidates including 6 with a background in forestry, 4 with private sector finance expertise, and one person having knowledge of both areas.

26. On the matter related to the review of the terms of conditions of GCF Financial Instruments, the Secretariat provided a briefing during the virtual informal meeting as well as the face-to-face meeting on the margins of B.32. The paper on this matter includes recommendations emanating from the consultant's report for Board's consideration on the frequency of the review of financial terms and conditions of GCF financial instruments, exploring options related to local currency lending and guarantee instruments, and feasibility of assigning a credit rating for the Fund. The paper is still under IC's consideration. It is expected that the Committee will transmit the paper to the Board for consideration as soon as possible.

27. On the review of the independent TAP, the Secretariat provided a briefing on this matter in this reporting period. The scope of the review, including the terms of reference and whether this review will be conducted by a third party or Independent Evaluation Unit, and the timeline, are still under IC's consideration.

4.3 Next steps

28. The Committee will continue its work on the matters above, including the recruitment of vacant independent TAP positions, the finalization of the paper on GCF financial terms and conditions, and the review of the independent TAP.
