



GREEN  
CLIMATE  
FUND

# GCF Handbook

Decisions, Policies, and Frameworks  
As agreed by the Board of the Green Climate Fund from B.01 to B.24

January 2020



# GCF HANDBOOK

Decisions, Policies, and Frameworks

As agreed by the Board of the Green Climate Fund from B.01 to B.24

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## Foreword

The Green Climate Fund (GCF) was established in 2010 by the 194 countries party to the United Nation Framework Convention on Climate Change as an operating entity of the Financial Mechanism of the Convention. Paragraph 2 of the GCF's Governing Instrument states its mandate as follows: In the context of sustainable development, the Fund will promote 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.



In accordance with its Governing Instrument, the Fund is governed by a 24-member Board composed of an equal number of members from developing and developed country Parties. The Board reports to and receives guidance from the Conference of the Parties to the Convention and is serviced by a Secretariat which has its headquarters in Songdo, South Korea.

The first meeting of the GCF Board was held in August of 2012, and through December of 2019 the Board has met 24 times. During and between those meetings, the Board agreed over 465 decisions and scores of policy frameworks to guide the Fund's operation.

The purpose of the "GCF Handbook" is to make it easier for users to more easily navigate the GCF's decisions and policies. To facilitate this, each primary Board decision and related policy framework has been given a descriptive title and placed within one of ten issue-oriented chapters. There, the decisions and related frameworks have been further divided by sub-issue with the most recent action on any topic listed first. The decisions and related frameworks that are particularly policy rich have been noted in the table of contents with an asterisk. The Handbook also includes an index of the decisions listed by the Board meeting in which they were taken. Full texts and background papers related to the decisions adopted by the Board are accessible on the GCF website under its Board section. Finally, the Handbook includes an introduction and chapter overview, a list of commonly used acronyms and a recitation of the Governing Instrument of the Green Climate Fund.

When accessing the Handbook electronically, the Table of Contents links the title of the decision or policy framework with the related text, enabling the user to simply click on the title to get to the text. In addition, the meeting by meeting index of decisions enables the user to go straight to the decision text by clicking on the related page number. Finally, it includes bookmarks that can be deployed by clicking the second icon on the left side of the document. These bookmarks will enable the user to navigate to any chapter or section at any time.

We hope that this Handbook proves to be an effective reference for both GCF practitioners and the interested public, and toward that end, we welcome your feedback to help make subsequent updates even more useful.

Yannick Glemarec  
Executive Director  
Green Climate Fund

# INTRODUCTION AND CHAPTER OVERVIEW

## INTRODUCTION

As an operating entity of the financial mechanism of the UNFCCC and of the Paris Agreement, and as the world's largest multilateral climate fund, the GCF has been designed with a view to promoting the paradigm shift towards low-emission and climate-resilient development pathways. It strives to achieve this 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.

Consistent with its Governing Instrument, the GCF's Board established an independent [Secretariat](#) to serve the [Board](#) in the development of the policies and processes designed to enable this institution to meet its stated goals. As called for in the Governing Instrument, the GCF continues to be a learning organization, and consistent with that understanding, its policies and processes continue to evolve. This Handbook tracks that evolution through the recitation of the decisions, policies and frameworks that have been agreed by the Board. With the exception of the Foreword, this brief introduction, and the chapter overview that follows, it does so without commentary or interpretation.

The GCF's business model and operational modalities have been designed to maximize its impact in the most effective and efficient manner possible. That said, as a multibillion-dollar institution entrusted with a mission of immense global importance, it has, of necessity, had to put in place many safeguards to ensure that it operates with care and integrity. While it has sought to provide ready access to a broad community of global stakeholders, to the newcomer, many of its policies and framework are likely to seem complex. To help individuals and long-time practitioners navigate the many Board decisions and policy frameworks, this volume has been divided into 10 chapters, brief summaries of which follow.

## CHAPTER OVERVIEW

**Chapter I – Business Model:** Chapter I, the longest chapter of the Handbook, encompasses a wide range of Board approved policies that guide the Fund's operations and investments. Specifically, decisions and policies covered in this chapter include those related to the Fund's investment framework, initial results areas of focus, initial performance indicators, its evolving processes for the approval of funding proposals, funding guidelines, and guidance on the deployment of the financial instruments at its disposal. In addition, Chapter I covers the Fund's risk management framework and its policies and decisions related to gender, indigenous peoples, and environment and social policies. Finally, this chapter covers decisions related to Fund policies on anti-money laundering and countering the financing of terrorism; protection of whistleblowers and witnesses; protection from sexual exploitation, abuse and harassment; prohibited practices; and ethics and conflicts of interest of major Fund actors.

**Chapter II – Accreditation and Re-Accreditation:** The GCF turns climate finance into action by working through a wide range of [organizations](#) with specialized capacities that seek and are granted accreditation to develop and implement projects and programmes funded by the GCF. The accreditation process is a rigorous one, and the review of accreditation applications is supported by an Accreditation Panel of experts. Five years after being accredited, entities that wish to continue working with the GCF must have their accreditation reviewed and renewed.

Decisions and frameworks covered in this chapter include those related to the process for normal and fast track accreditation, the fiduciary standards and environmental and social safeguards that entities must meet to get accredited, priorities for consideration of accreditation applications, decisions accrediting specific entities to undertake specified types of activities,

accreditation fees, and, decisions related to the content and finalization of accreditation agreements with accredited entities.

**Chapter III – Funding windows/Programmes:** Paragraphs 37 to 44 of the Governing Instrument of the GCF call for the Fund to establish windows and programmes to fund its approved activities. Consistent with those provisions, the GCF has developed a variety of funding windows and programmes. This chapter includes decisions related to those access modalities, including the funding windows for mitigation and adaptation, the Private Sector Facility (which also encompasses pilot programmes for mobilizing resources at scale, and for support to micro, small and medium sized enterprises), the Readiness and Preparatory Support Programme (which includes a Project Preparation Facility and a programme providing support for adaptation planning); a REDD plus results based payment programme; and an Enhanced Direct Access Programme designed to enhance Fund access by sub-national, national and regional, public and private entities.

**Chapter IV – Accountability Units:** In accordance with various provisions of the Governing Instrument, the Board established several operationally independent units that report to the Board on issues of importance. Those units are the [Independent Integrity Unit](#) (designed to investigate allegations of fraud and corruption and other prohibited practices); an [Independent Redress Mechanism](#) (which will receive, evaluate, and make recommendations on complaints related to the operation of the Fund, including those addressing the reconsideration of funding decisions, and grievances and complaints from those directly affected by adverse impacts due to failure to implement agreed GCF requirements); and, an [Independent Evaluation Unit](#). The terms of reference for those units, as well as decisions related to their operation are included in this chapter. Chapter IV also includes decisions related to the appointment of an External Auditor.

**Chapter V – Strategic Plan:** At its 12<sup>th</sup> Meeting, the Board agreed an Initial Strategic Plan for the Fund which sets out the Board’s strategic vision for the GCF, as well as core operational priorities for the Fund’s initial resource mobilization (IRM) period. The Plan includes an action plan which is to be implemented over the course of the IRM period. The Initial Strategic Plan, including its action plan is included in full in Chapter V. This chapter also includes decisions related to the preparation of the plan and its later implementation.

**Chapter VI – Operation of the Board:** The [GCF Board](#) includes 12 members from developed countries and 12 from developing countries. Each member has an alternate, and most members have advisors. The Board operates in accordance with agreed rules of procedure, the terms of which are included in this chapter. Consistent with the Governing Instrument, the Board has created a number of subsidiary bodies to help it implement its responsibilities. This chapter covers the decisions and in many cases the terms of reference related to the Private Sector Advisory Group and the Board’s Committees on Accreditation, Ethics and Audit, Investment, Risk management, Budget, Appointments, and Performance Oversight of the Executive Director and Heads of Independent Units. The chapter also includes decisions on a number of additional Board matters including Board decision making (including procedures for decision making in the event that all efforts at reaching consensus have been exhausted), ethics and conflicts of interest, observer participation, information disclosure, and, the work plans of the Board.

**Chapter VII – The Secretariat:** Paragraphs 19 and 23 of the GCF Governing Instrument called for the establishment of a [Secretariat](#) to service the Board and be responsible for the day-to-day operations of the Fund, providing administrative, legal and financial expertise. Chapter VII of the Handbook includes the decisions that operationalize this broad mandate. Specifically, it includes decisions relating to the structure, staffing and organization of the Secretariat; its guidelines related to human resources, budgeting, auditing, procurement and accounting; and decisions related to communications and its mandate in the area of complementarity and coherence.

**Chapter VIII – Mobilization of Resources:** Paragraphs 29 and 30 of the GCF Governing Instrument state that the Fund will receive financial inputs from developed country Parties to the Convention, and may also receive financial inputs from a variety of other sources, public and private, including alternative sources. During its first eight meetings, the GCF Board put in place the essential requirements for the Fund to receive, manage, programme and disburse financial resources, and agreed arrangements for an initial resource mobilization process. In addition, and consistent with paragraphs 24 and 26 of the Governing Instrument, the Board at its fifth meeting approved an agreement to have the World Bank act as interim trustee subject to a review in three years.

Chapter VIII includes decisions on arrangements and policies related to the mobilization of resources, including the Fund’s initial resource mobilization and its first formal replenishment. It also includes decisions on the Fund’s Interim and Permanent Trustee, and the Fund’s Trust Fund agreement.

**Chapter IX – Engagement with the Conference of the Parties:** In accordance with paragraph 4 of the Governing Instrument, the GCF “will be accountable to and function under the guidance of the Conference of the Parties” to the UNFCCC. This chapter includes decisions related to the arrangements discussed between the GCF and the Conference of the Parties, the GCF’s response to guidance it receives from the Conference of the Parties, and the annual reports that the GCF makes to the Conference of the Parties.

**Chapter X – Consideration of Funding Proposals:** Through its first 24 meetings, the GCF Board approved over [124 projects and programmes](#) that, when fully implemented, are projected to avoid over 1.6 billion tonnes of CO<sub>2</sub>eq and increase resilience for over 348 million beneficiaries. Descriptions of each of the Board’s approvals can be found on the [GCF website](#). Chapter X includes the decisions related to the Board’s approval of funding proposals, including, in many cases, the conditions agreed on approval.

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<sup>1</sup> Through its first three meetings, the GCF used decision nomenclature for decision numbers that specified the meeting number of a specific year, the year when the meeting was held (identified by the last two digits of the year), and a separate two-digit decision number. Beginning with the fourth meeting, a more streamlined nomenclature has been used which reflects only the meeting number and a two-digit decision number.

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<sup>2</sup> In limited cases, the Board takes decisions between meetings. Those decisions are given a decision number that begins with B.BM, and includes the year in which the decision was taken, and a number representing its place among all of the between meetings of that year that have been taken.

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<sup>1</sup> Decision B.BM-2013/01 can be found at the following link: [https://www.greenclimate.fund/documents/20182/24958/B.BM-2013\\_01\\_-\\_Accreditation\\_of\\_Observer\\_Organizations.pdf/5fbdc77c-0b33-4660-a556-76a154435e78](https://www.greenclimate.fund/documents/20182/24958/B.BM-2013_01_-_Accreditation_of_Observer_Organizations.pdf/5fbdc77c-0b33-4660-a556-76a154435e78)

### Decisions approved at the 5<sup>th</sup> Meeting of the Board (Paris, 8-10 October 2013)

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B.05/01	Amendment of decision B.04/15	669
B.05/02	Adoption of the Report of the 4 <sup>th</sup> Meeting of the Board	709
*B.05/03	Adoption of the initial results area framework and performance indicators of the Fund	45
*B.05/04	Financial Inputs to the Fund	647
*B.05/05	Allocation of Fund resources	39
B.05/06	Country Ownership	59
*B.05/07	Financial Instruments – adoption of principles and factors for the terms and conditions of grants and concessional loans	99
*B.05/08	Access modalities – Accreditation	333
B.05/09	GCF Logo – Cancellation of Logo competition	629
*B.05/10	Initial Structure and Organization of the Secretariat	555
B.05/11	Establishment of the Secretariat/authorization to initiate operations	554
B.05/12	Committees and Panels of the Board	507
*B.05/13	Establishment and Terms of Reference for Board Committees and for the Private Sector Advisory Group	394, 515, 518, 520, 523
*B.05/14	Adoption of scope for readiness and preparatory support	425
B.05/15	Adoption of interim information disclosure practice	505
*B.05/16	Approval of draft arrangements between the Conference of the Parties and the GCF	667
B.05/17	Commencement of the Resource Mobilization Process	646
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XXIII	Administrative budget of the Fund for the period from 1 January to 31 December 2014 (in US\$)	<sup>1</sup>
XXIV	Agreement on the Terms and Conditions for the Administration of the Green Climate Fund Trust Fund	<sup>1</sup>
XXV	Amendment to the Amended and Restated Transfer Agreement between the Interim Trustee and the UNFCCC Secretariat Acting as the Interim Secretariat for the Green Climate Fund	<sup>1</sup>

<sup>1</sup>Annexes XX, XXIII and XXIV and XXV mentioned in decisions B.05/15, B.05/20 and B.05/21, respectively, can be found at the following link: [https://www.greenclimate.fund/documents/20182/24937/GCF\\_B.05\\_23\\_-\\_Decisions\\_of\\_the\\_Board\\_-\\_Fifth\\_Meeting\\_of\\_the\\_Board\\_8-10\\_October\\_2013.pdf/ea60c39e-444d-4505-86b7-e87eecd94fb3](https://www.greenclimate.fund/documents/20182/24937/GCF_B.05_23_-_Decisions_of_the_Board_-_Fifth_Meeting_of_the_Board_8-10_October_2013.pdf/ea60c39e-444d-4505-86b7-e87eecd94fb3)

### Decisions approved between the 5<sup>th</sup> and 6<sup>th</sup> Meetings of the Board

Decision	Title	Page
B.BM-2013/03	Accreditation of Observer Organizations	<sup>1</sup>

<sup>1</sup> Decision B.BM-2013/03 can be found at the following link: [https://www.greenclimate.fund/documents/20182/24958/B.BM-2013\\_03\\_-\\_Accreditation\\_of\\_Observer\\_Organizations.pdf/cdf35e23-9d30-4073-aa5a-4ca8bf6eac14](https://www.greenclimate.fund/documents/20182/24958/B.BM-2013_03_-_Accreditation_of_Observer_Organizations.pdf/cdf35e23-9d30-4073-aa5a-4ca8bf6eac14)

### Decisions approved at the 6<sup>th</sup> Meeting of the Board (Bali, 19-21 February 2014)

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B.06/01	Adoption of the Report of the 5 <sup>th</sup> Meeting of the Board	709
B.06/02	Appointment of Board member to the Investment Committee	518
*B.06/03	Adoption of Administrative Policies of the Fund	618
B.06/04	Consideration of initial modalities for the Fund's mitigation and adaptation windows and the Private Sector Facility	387
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*B.06/06	Adoption of initial parameters and guidelines for allocation of resources	38
B.06/07	Gender policy and Action Plan	193
*B.06/08	Establishing a committee to support certain Secretariat appointments	513
*B.06/09	Adoption of terms of reference for the independent evaluation unit, integrity unit and redress mechanism	449, 458, 466

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<sup>1</sup> Annexes I and II mentioned in decision B.06/03 can be found at the following link:

[https://www.greenclimate.fund/documents/20182/24940/GCF\\_B.06\\_18 - Decisions of the Board - Sixth Meeting of the Board\\_19-21 February 2014.pdf/0ba2bfb2-9cbe-41e1-83a6-c5d5662fb463](https://www.greenclimate.fund/documents/20182/24940/GCF_B.06_18_-_Decisions_of_the_Board_-_Sixth_Meeting_of_the_Board_19-21_February_2014.pdf/0ba2bfb2-9cbe-41e1-83a6-c5d5662fb463)

<sup>2</sup> Annex III mentioned in decision B.06/09 can also be found in the above link but it was superseded by the annex approved by decision B.BM-2017/10

### Decisions approved between the 6<sup>th</sup> and 7<sup>th</sup> Meetings of the Board

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B.BM-2014/03	Appointment of members to the Risk Management Committee	515
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<sup>1</sup> Decision B.BM-2014/06 can be found at the following link:

[https://www.greenclimate.fund/documents/20182/24943/GCF\\_B.07\\_12 - Report of the Seventh Meeting of the Board\\_18-21 May 2014.pdf/bfdd7b1f-cfa9-4b51-bc6d-986797b5e2cd](https://www.greenclimate.fund/documents/20182/24943/GCF_B.07_12_-_Report_of_the_Seventh_Meeting_of_the_Board_18-21_May_2014.pdf/bfdd7b1f-cfa9-4b51-bc6d-986797b5e2cd)

<sup>2</sup> The annexes I to III contained in decision B.BM-2013/04 can be found at the following link:

[https://www.greenclimate.fund/documents/20182/24958/B.BM-2013\\_04 - Work Plan of the Board for 2014.pdf/193b74a2-0d10-45a7-b9f4-14823c719807](https://www.greenclimate.fund/documents/20182/24958/B.BM-2013_04_-_Work_Plan_of_the_Board_for_2014.pdf/193b74a2-0d10-45a7-b9f4-14823c719807)

### Decisions approved at the 7<sup>th</sup> Meeting of the Board (Songdo, 18-21 May 2014)

Decision	Title	Page
B.07/01	Adoption of the Report of the 6 <sup>th</sup> Meeting of the Board	709
*B.07/02	Adoption of the initial guiding framework for the Fund's accreditation process, initial fiduciary principles and standards, interim performance standards, and establishment of an accreditation committee and an accreditation panel	313, 525
B.07/03	Adoption of the initial proposal approval process of the GCF	74
*B.07/04	Adoption of the elements of the initial results management framework of the GCF	103
*B.07/05	Adoption of the initial financial risk management framework of the GCF	172
*B.07/06	Adoption of the initial investment framework of the GCF	43
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<sup>1</sup> Annex VII referred to in decision 07/03, which can be found at: [https://www.greenclimate.fund/documents/20182/24943/GCF.B.07.11-Decisions\\_of\\_the\\_Board\\_-\\_Seventh\\_Meeting\\_of\\_the\\_Board\\_18-21\\_May\\_2014.pdf/73c63432-2cb1-4210-9bdd-454b52b2846b](https://www.greenclimate.fund/documents/20182/24943/GCF.B.07.11-Decisions_of_the_Board_-_Seventh_Meeting_of_the_Board_18-21_May_2014.pdf/73c63432-2cb1-4210-9bdd-454b52b2846b), was updated by decision 17/09, Annex IV.

<sup>2</sup> Annexes IX and X mentioned in decision B.07/04 can be found at the following link: [https://www.greenclimate.fund/documents/20182/24943/GCF.B.07.12-Report\\_of\\_the\\_Seventh\\_Meeting\\_of\\_the\\_Board\\_18-21\\_May\\_2014.pdf/bfdd7b1f-cfa9-4b51-bc6d-986797b5e2cd](https://www.greenclimate.fund/documents/20182/24943/GCF.B.07.12-Report_of_the_Seventh_Meeting_of_the_Board_18-21_May_2014.pdf/bfdd7b1f-cfa9-4b51-bc6d-986797b5e2cd)

### Decisions approved between the 7<sup>th</sup> and 8<sup>th</sup> Meetings of the Board

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B.BM-2014/04	Acceptance of recommendation of the logo selection panel	628
B.BM-2014/05	Date and venue of the third meeting of the Board in 2013	707
B.BM-2014/07	Accreditation of Observer Organizations	<sup>1</sup>

<sup>1</sup> Decision B.BM-2014/07 can be found at the following link: [https://www.greenclimate.fund/documents/20182/24946/GCF.B.08.36-Decisions\\_Approved\\_between\\_Seventh\\_and\\_Eighth\\_Meeting.pdf/70cc094c-1bec-49fd-a30b-6cd75085b3f9](https://www.greenclimate.fund/documents/20182/24946/GCF.B.08.36-Decisions_Approved_between_Seventh_and_Eighth_Meeting.pdf/70cc094c-1bec-49fd-a30b-6cd75085b3f9)  
(Note: The report of the Logo Selection Panel mentioned in decision B.BM-2014/04 can be found at the following link: [https://www.greenclimate.fund/documents/20182/24961/B.BM-2014.04-Green\\_Climate\\_Fund\\_Logo\\_-\\_Recommendation\\_of\\_the\\_Logo\\_Selection\\_Panel.pdf/1fda2bac-6fef-44e8-b8fc-b13c30e39e29](https://www.greenclimate.fund/documents/20182/24961/B.BM-2014.04-Green_Climate_Fund_Logo_-_Recommendation_of_the_Logo_Selection_Panel.pdf/1fda2bac-6fef-44e8-b8fc-b13c30e39e29))

### Decisions approved at the 8<sup>th</sup> Meeting of the Board (Bridgetown, 14-17 October 2014)

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B.08/02	Approval of the guidelines for the fit-for-purpose accreditation approach	310
*B.08/03	Fast Track Accreditation Process	347
*B.08/04	Approval of Policy on Fees for Accreditation of the Fund	307
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*B.08/07	Adoption of mitigation and adaptation performance measurement frameworks and view to initiating project and programme decisions	377
*B.08/08	Adoption of initial logic model and performance measurement framework for REDD+ results-based payments	431
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*B.08/10	Country ownership/readiness including no objection procedure	58, 421
*B.08/11	Revised Programme of Work on Readiness and Preparatory Support including allocation, core objectives and activities, and modalities and approach	415
*B.08/12	Use of other financial instruments	99
B.08/13	Endorsement of policies for contribution to the GCF	645
B.08/14	Consideration of Board Decision-making in the Absence of Consensus	493
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B.08/16	Administrative budget of the Fund for 2015	565
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*B.08/18	Commencement of Annual Reporting and the External Auditing Process	568
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<sup>1</sup> Annexes II to V; XIX to XXII (these annexes have been superseded by Decision B.24/02); XXV; XXVI; XXVIII and XXIX; and XXX mentioned in decisions B.08/03, B.08/13, B.08/19, B.08/21, and B.08/23, respectively, can be found at the following link: [https://www.greenclimate.fund/documents/20182/24946/GCF\\_B.08\\_45\\_-\\_Decisions\\_of\\_the\\_Board\\_-\\_Eighth\\_Meeting\\_of\\_the\\_Board\\_14-17\\_October\\_2014.pdf/1dd5389c-5955-4243-90c9-7c63e810c86d](https://www.greenclimate.fund/documents/20182/24946/GCF_B.08_45_-_Decisions_of_the_Board_-_Eighth_Meeting_of_the_Board_14-17_October_2014.pdf/1dd5389c-5955-4243-90c9-7c63e810c86d)

### Decision approved between the 8<sup>th</sup> and 9<sup>th</sup> Meetings of the Board

Decision	Title	Page
B.BM-2014/06	Date and the Venue of the Ninth Meeting of the Board	707
B.BM-2015/02	Appointment of external auditor of the GCF	467
B.BM-2015/03	Accreditation of observer organizations	1

<sup>1</sup> Decision B.BM-2015/03 can be found at the following link: [https://www.greenclimate.fund/documents/20182/24964/B.BM-2015\\_03\\_-\\_Decision\\_of\\_the\\_Board\\_on\\_the\\_Accreditation\\_of\\_Observer\\_Organizations.pdf/2f441f95-b447-457a-bce5-d5a1c1cd8366](https://www.greenclimate.fund/documents/20182/24964/B.BM-2015_03_-_Decision_of_the_Board_on_the_Accreditation_of_Observer_Organizations.pdf/2f441f95-b447-457a-bce5-d5a1c1cd8366)

### Decisions approved at the 9<sup>th</sup> Meeting of the Board (Songdo, 24-26 March 2015)

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B.09/01	Adoption of the Report of the 8 <sup>th</sup> Meeting of the Board	709
B.09/02	GCF Investment opportunities and alignment of the portfolio with the results management framework	102
*B.09/03	Adoption of the policy on ethics and conflicts of interest for the Board	249
*B.09/04	Adoption of the financial terms and conditions of grants and concessional loans	97
*B.09/05	Initial investment framework sub-criteria and assessment factors	35
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*B.09/11	Adoption of the GCF Gender Policy and Action Plan	192
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XVI	Members and alternate members of the Board of the Green Climate Fund	1

<sup>1</sup> Annexes IV to X, XIII and XIV (these annexes have been superseded by Decision B.24/12), and XVI mentioned in decisions B.09/07, B.09/11 and B.09/12 can be found at the following link: [https://www.greenclimate.fund/documents/20182/24946/GCF\\_B.08\\_45\\_-\\_Decisions\\_of\\_the\\_Board\\_-\\_Eighth\\_Meeting\\_of\\_the\\_Board\\_14-17\\_October\\_2014.pdf/1dd5389c-5955-4243-90c9-7c63e810c86d](https://www.greenclimate.fund/documents/20182/24946/GCF_B.08_45_-_Decisions_of_the_Board_-_Eighth_Meeting_of_the_Board_14-17_October_2014.pdf/1dd5389c-5955-4243-90c9-7c63e810c86d) and annex XII was superseded by that approved with decision B.BM/2018/09 (see DECISION B.BM-2018/09 )

### Decisions approved between the 9<sup>th</sup> and 10<sup>th</sup> Meetings of the Board

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B.BM-2015/04	Appointment of members to the appointment committee	512
*B.BM-2015/05	Administrative guidelines on budget and accounting systems	576
*B.BM-2015/06	Administrative Guidelines on the Internal Control Framework and Internal Audit Standards	586
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<sup>1</sup> Decision B.BM-2015/07 can be found at the following link: [https://www.greenclimate.fund/documents/20182/24964/B.BM-2015\\_07\\_-\\_Decision\\_of\\_the\\_Board\\_on\\_the\\_Accreditation\\_of\\_Observer\\_Organizations.pdf/7be5c76c-c041-48f2-909f-aeb732cbb398](https://www.greenclimate.fund/documents/20182/24964/B.BM-2015_07_-_Decision_of_the_Board_on_the_Accreditation_of_Observer_Organizations.pdf/7be5c76c-c041-48f2-909f-aeb732cbb398)

### Decisions approved at the 10<sup>th</sup> Meeting of the Board (Songdo, 6-9 July 2015)

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B.10/03	Further work on level of Concessional Terms for the Public Sector	97
*B.10/04	Approval of Terms of reference for a pilot phase enhancing direct access	49, 433
*B.10/05	Selection Process and Terms of Reference of the Heads of the Accountability Units	440
*B.10/06	Board accreditation proposals; accreditation modalities	361
*B.10/07	Monitoring and Accountability Framework for Accredited Entities; Duration of Accreditation, and Reaccreditation of Entities	303
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*B.10/11	Pilots programmes to support micro-, small-, and medium-sized enterprises and to mobilize resources at scale	398, 399
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\*\* These annexes were replaced by those approved through decision B.17/11

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<sup>1</sup> Annexes I and II mentioned in decision B.11/02 and Annex mentioned in decisions B.11/08 and B.11/11 can be found at the following link: [https://www.greenclimate.fund/documents/20182/76153/DECISION\\_B.11\\_02\\_-\\_The\\_financial\\_statements\\_of\\_the\\_Green\\_Climate\\_Fund\\_for\\_the\\_year\\_ended\\_31\\_December\\_2014\\_and\\_Annual\\_Report\\_2014\\_15.pdf/c6982987-ad61-47cc-909e-c8d227e4fee8](https://www.greenclimate.fund/documents/20182/76153/DECISION_B.11_02_-_The_financial_statements_of_the_Green_Climate_Fund_for_the_year_ended_31_December_2014_and_Annual_Report_2014_15.pdf/c6982987-ad61-47cc-909e-c8d227e4fee8)

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<sup>2</sup> This annex was replaced by that approved by decision B.17/11

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<sup>2</sup> These annexes were replaced by those approved by decision B.17/11

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<sup>1</sup> Decision B.BM-2017/01 can be found at the following link: [https://www.greenclimate.fund/documents/20182/620292/B.BM-2017\\_01\\_-\\_Decision\\_of\\_the\\_Board\\_on\\_Accreditation\\_of\\_Observer\\_Organizations.pdf/5f8038db-b847-4ec4-bdad-22efc28f7f20](https://www.greenclimate.fund/documents/20182/620292/B.BM-2017_01_-_Decision_of_the_Board_on_Accreditation_of_Observer_Organizations.pdf/5f8038db-b847-4ec4-bdad-22efc28f7f20)

<sup>2</sup> Annex I of decision B.BM-2017/02 was superseded by Annex I approved by decision B.17/01

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<sup>2</sup> Annexes II to III mentioned in decision B.BM-2017/03 can be found at the following link:

[https://www.greenclimate.fund/documents/20182/620292/B.BM-2017\\_03\\_-\\_Decision\\_of\\_the\\_Board\\_on\\_Performance\\_review\\_of\\_the\\_members\\_of\\_the\\_Accreditation\\_Panel.pdf/5ee5885a-5f81-496b-b6b2-a64bb97ea1bf](https://www.greenclimate.fund/documents/20182/620292/B.BM-2017_03_-_Decision_of_the_Board_on_Performance_review_of_the_members_of_the_Accreditation_Panel.pdf/5ee5885a-5f81-496b-b6b2-a64bb97ea1bf)

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<sup>1</sup> Decision B.BM-2019/11 can be found at the following link: [https://www.greenclimate.fund/documents/20182/1519078/B.BM-2019\\_12\\_Decision\\_of\\_the\\_Board\\_on\\_the\\_consideration\\_of\\_request\\_for\\_changes\\_in\\_pricing\\_and\\_tenor\\_in\\_respect\\_of\\_FP080\\_Zambia\\_Renewable\\_Energy\\_Financing\\_Framework.pdf/01cf0bb7-798b-029f-b849-f76afce81e5f](https://www.greenclimate.fund/documents/20182/1519078/B.BM-2019_12_Decision_of_the_Board_on_the_consideration_of_request_for_changes_in_pricing_and_tenor_in_respect_of_FP080_Zambia_Renewable_Energy_Financing_Framework.pdf/01cf0bb7-798b-029f-b849-f76afce81e5f)

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[https://www.greenclimate.fund/documents/20182/1908411/GCF.B.24.17 - Decisions of the Board twenty-fourth meeting of the Board 12 14 November 2019.pdf/b456ef92-b472-c83c-822d-992e284e3330](https://www.greenclimate.fund/documents/20182/1908411/GCF.B.24.17_-_Decisions_of_the_Board_twenty-fourth_meeting_of_the_Board_12_14_November_2019.pdf/b456ef92-b472-c83c-822d-992e284e3330)

**COMMONLY USED ACRONYMS**

AC	Accreditation Committee of the GCF Board	FP	Focal Point, Fiduciary Principles, Funding Proposal
ADB	Asian Development Bank	FX	Foreign exchange
AE	Accredited entity to the GCF	GAAP	Generally Accepted Accounting Principles
AfDB	African Development Bank	GAP	Gender Action Plan
AMA	Accreditation Master Agreement	GCF	Green Climate Fund
AML	Anti-Money Laundering	GEF	Global Environment Facility
AP	Accreditation Panel of the GCF	GFP	Gender focal point
APR	Annual performance report	GI	Governing Instrument of the GCF
CAPEX	Capital expenditure	HR	Human resources
CBA	Community based adaptation	IADB	Inter-American Development Bank
CDB	Caribbean Development Bank	IAP	Information Appeals Panel of the GCF
CDM	Clean Development Mechanism	IBRD	International Bank for Reconstruction and Development - World Bank
CFT	Countering the Financing of Terrorism	IDP	Information Disclosure Policy of the GCF
CHP	Combined heat and power	IAS	International Accounting Standard
CIF	Climate Investment Funds	ICT	Information and Communications Technology
CN	Concept Note	IEU	Independent Evaluation Unit of the GCF
CO <sub>2</sub> e	Carbon dioxide equivalent	IIU	Independent Integrity Unit of the GCF
COP	Conference of the Parties	IRM	Independent Redress Mechanism of the GCF
CP	Country programme	IPPF	International Professional Practices Framework
CPD	Country Programming Division of the GCF Secretariat	INDC	Intended Nationally Determined Contribution
CRR	Credit Risk Rating	IFC	International Finance Corporation
CSO	Civil society organization	IFRS	International Financial Reporting Standards
CTCN	Climate Technology Center and Network	IPCC	Intergovernmental Panel on Climate Change
DAE	Direct access entity to the GCF	IPSAS	International Public Sector Accounting Standards
DCP	Division of Country Programming of the GCF Secretariat	IRM	Initial resource mobilization of the GCF
DD	Due Diligence	IRR	Internal rate of return
DMA	Division of Mitigation and Adaptation of the GCF Secretariat	iTAP	independent Technical Advisory Panel of the GCF
DSS	Division of Support Services of the GCF Secretariat	KM	Knowledge management
E&S	Environmental and social	KMS	Knowledge Management System
EAC	Ethics and Audit Committee of the GCF Board	KPIs	Key Performance Indicators
EBRD	European Bank for Reconstruction and Development	LDCs	Least Developed Countries
EDA	Enhanced Direct Access Pilot Programme of the GCF	LEDS	Low emission development strategies
EE	Executing entity	LEG	Least Developed Country Expert Group of the COP
EIB	European Investment Bank	M&E	Monitoring and evaluation
ESAP	Environmental and Social Action Plan	MAF	Monitoring and Accountability Framework
ESCO	Energy service company	MDB	Multilateral Development Bank
ESMS	Environmental and Social Management System	MRV	Measurement Reporting and Verification System
ESS	Environmental and Social Safeguards	MSME	Micro-, small-, medium-sized enterprise
ESIA	Environmental and Social Impacts Assessment		
ESMP	Environmental and Social Management Plan		
FAA	Funded Activity Agreement		

## Acronyms

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MW	Megawatt
NAE	National access entity
NAMA	Nationally Appropriate Mitigation Action
NAP	National Action Plan
NAPA	National Adaptation Plans of Action
NDA	National Designated Authority
NGOs	Non-governmental organizations
NPL	Non-performing loan
NOL	No objection letter
O&M	Operation and maintenance
OGA	Office of Governance Affairs of the GCF Secretariat
ORM	Office of Risk Management of the GCF Secretariat
ORMC	Office of Risk Management and Compliance of the GCF Secretariat
OSB	Office of Secretary of the Board
P&I	Privileges and immunities
PMF	Performance measurement framework
PMU	Portfolio Management Unit of the GCF Secretariat
PN	Promissory Note
PPF	Project Preparation Facility of the GCF
PPR	Portfolio performance report
PS	Performance standard
PSAG	Private Sector Advisory Group to the GCF Board
PSF	Private Sector Facility of the GCF Secretariat
PSO	Private sector organization
PSR	Project/Programme success rating
PV	Photovoltaic
RBA	Risk based approach
REDD+	Reducing emissions from deforestation and forest degradation
RFP	Request for proposals
RMC	Risk Management Committee of the GCF Board
RMF	Risk Management Framework of the GCF, Results Management Framework
RPSP	Readiness and Preparatory Support Programme of the GCF
SAP	Simplified Approval Process of the GCF
SCF	Standing Committee on Finance of the GCF Board
SIDS	Small Island Developing States
SME	Small- and medium- sized enterprise
TA	Technical assistance
TAP	independent Technical Advisory Panel of the GCF
TEC	Technology Executive Committee
TNA	Technology Needs Assessment
TOR	Terms of reference
UN	United Nations
UNFCCC	United Nations Framework Convention on Climate Change

**GOVERNING INSTRUMENT  
OF THE  
GREEN CLIMATE FUND**

## GREEN CLIMATE FUND GOVERNING INSTRUMENT

The Governing Instrument for the Green Climate Fund was approved by the Conference of the Parties to the United Nations Framework Convention on Climate Change (UNFCCC) at its seventeenth session on 11 December 2011 in Durban, South Africa, and is annexed to decision 3/CP.17 presented in UNFCCC document FCCC/CP/2011/9/Add.1.  
(see <http://unfccc.int/resource/docs/2011/cop17/eng/09a01.pdf>)

The Green Climate Fund (hereinafter the “Fund”) is hereby established and will operate in accordance with the following provisions:

### I. OBJECTIVES AND GUIDING PRINCIPLES

1. Given the urgency and seriousness of climate change, the purpose of the Fund is to make a significant and ambitious contribution to the global efforts towards attaining the goals set by the international community to combat climate change.
2. The Fund will contribute to the achievement of the ultimate objective of the United Nations Framework Convention on Climate Change (UNFCCC). In the context of sustainable development, the Fund will promote 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.
3. The Fund will be guided by the principles and provisions of the Convention. The Fund will operate in a transparent and accountable manner guided by efficiency and effectiveness. The Fund will play a key role in channelling new, additional, adequate and predictable financial resources to developing countries and will catalyze climate finance, both public and private, and at the international and national levels. The Fund will pursue a country-driven approach and promote and strengthen engagement at the country level through effective involvement of relevant institutions and stakeholders. The Fund will be scalable and flexible and will be a continuously learning institution guided by processes for monitoring and evaluation. The Fund will strive to maximize the impact of its funding for adaptation and mitigation, and seek a balance between the two, while promoting environmental, social, economic and development co-benefits and taking a gender-sensitive approach.

### II. GOVERNANCE AND INSTITUTIONAL ARRANGEMENTS

#### A. Relationship to the Conference of the Parties

4. The Fund will be designated as an operating entity of the financial mechanism under Article 11 of the Convention and will be accountable to and function under the guidance of the Conference of the Parties (COP).
5. The Fund will be governed and supervised by a Board that will have full responsibility for funding decisions.
6. Arrangements will be concluded between the COP and the Fund, consistent with Article 11 of the Convention, to ensure that the Fund is accountable to and functions under the guidance of the COP. In order to ensure accountability to the COP, pursuant to Article 11, paragraph 3, the Board will:

- (a) Receive guidance from the COP, including on matters related to policies, programme priorities and eligibility criteria, and matters related thereto;
- (b) Take appropriate action in response to the guidance received;
- (c) Submit annual reports to the COP for its consideration and receive further guidance.

**B. Legal status**

- 7. In order to operate effectively internationally, the Fund will possess juridical personality and will have such legal capacity as is necessary for the exercise of its functions and the protection of its interests.
- 8. The Fund will enjoy such privileges and immunities as are necessary for the fulfilment of its purposes. The officials of the Fund will similarly enjoy such privileges and immunities as are necessary for the independent exercise of their official functions in connection with the Fund.

**C. Rules of procedure of the Board**

**1. COMPOSITION**

- 9. The Board will have 24 members, composed of an equal number of members from developing and developed country Parties. Representation from developing country Parties will include representatives of relevant United Nations regional groupings and representatives from small island developing States (SIDS) and least developed countries (LDCs).
- 10. Each Board member will have an alternate member, with alternate members entitled to participate in the meetings of the Board only through the principal member, without the right to vote, unless they are serving as the member. During the absence of the member from all or part of a meeting of the Board, his or her alternate will serve as the member.

**2. SELECTION OF BOARD MEMBERS**

- 11. The members of the Board and their alternates will be selected by their respective constituency or regional group within a constituency. Members of the Board will have the necessary experience and skills, notably in the areas of climate change and development finance, with due consideration given to gender balance.

**3. TERM OF MEMBERSHIP**

- 12. Members and alternate members will serve for a term of three years and be eligible to serve additional terms as determined by their constituency.

**4. CHAIRMANSHIP**

- 13. Two co-chairs of the Board will be elected by the Board members from within their membership to serve for a period of one year, with one being a member from a developed country Party and the other being a member from a developing country Party.

**5. DECISION-MAKING**

- 14. Decisions of the Board will be taken by consensus of the Board members. The Board will develop procedures for adopting decisions in the event that all efforts at reaching consensus have been exhausted.

**6. QUORUM**

15. A two-thirds majority of Board members must be present at a meeting to constitute a quorum.

**7. OBSERVERS**

16. The Board will make arrangements, including developing and operating accreditation processes, to allow for effective participation by accredited observers in its meetings. The Board will invite, to participate as active observers: two civil society representatives, one each from developing and developed countries, and two private sector representatives, one each from developing and developed countries.

**8. ADDITIONAL RULES OF PROCEDURE**

17. Additional rules of procedures will be developed by the Board.

**D. Role and functions of the Board**

18. The Board of the Fund will:
- (a) Oversee the operation of all relevant components of the Fund;
  - (b) Approve operational modalities, access modalities and funding structures;
  - (c) Approve specific operational policies and guidelines, including for programming, project cycle, administration, and financial management;
  - (d) Approve funding in line with the Fund's principles, criteria, modalities, policies and programmes;
  - (e) Develop environmental and social safeguards and fiduciary principles and standards that are internationally accepted;
  - (f) Develop criteria and application processes for the accreditation of implementing entities of the Fund and accredit implementing entities and withdraw such accreditation;
  - (g) Establish subcommittees and panels and define their terms of reference, as appropriate;
  - (h) Establish additional thematic windows and/or substructures to address specific activities, as appropriate;
  - (i) Establish a framework for the monitoring and evaluation of performance and the financial accountability of activities supported by the Fund and any necessary external audits;
  - (j) Review and approve the administrative budget of the Fund and arrange for performance reviews and audits;
  - (k) Appoint the Executive Director of the secretariat;
  - (l) Appoint the head of the evaluation unit and the heads of all accountability units;
  - (m) Receive guidance and take action in response to any guidance from the COP and prepare annual reports to the COP on its activities;
  - (n) Develop working and coordination arrangements with other relevant bodies under the Convention and other relevant international institutions;
  - (o) Select, appoint and enter into legal and administrative arrangements with the trustee;

- (p) Exercise such other functions as may be appropriate to fulfil the objectives of the Fund.

**E. Secretariat**

**1. ESTABLISHMENT OF THE SECRETARIAT**

- 19. The Fund will establish a secretariat, which will be fully independent. The secretariat will service and be accountable to the Board. It will have effective management capabilities to execute the day-to-day operations of the Fund.
- 20. The secretariat will be headed by an Executive Director with the necessary experiences and skills, who will be appointed by and be accountable to the Board. The Board will approve the job description and qualifications for the Executive Director. The Executive Director will be selected through a merit-based, open and transparent process.
- 21. The secretariat will be staffed with professional staff with relevant experience. The staff selection will be managed by the Executive Director and will be open, transparent and based on merit, taking into account geographical and gender balance.
- 22. The selection of the host country of the Fund will be an open and transparent process. The selection of the host country will be endorsed by the COP.

**2. FUNCTIONS**

- 23. The secretariat will be responsible for the day-to-day operations of the Fund, providing administrative, legal and financial expertise. In particular, the secretariat will:
  - (a) Organize and execute all administrative duties;
  - (b) Report information on the Fund's activities;
  - (c) Liaise with members, implementing entities, and cooperating bilateral and multilateral institutions and agencies;
  - (d) Prepare performance reports on the implementation of activities under the Fund;
  - (e) Develop the work programme and annual administrative budget of the secretariat and trustee and submit them for approval by the Board;
  - (f) Operationalize the project and programme cycle processes;
  - (g) Prepare financial agreements related to the specific financing instrument to be concluded with an implementing entity;
  - (h) Monitor the financial risks of the outstanding portfolio;
  - (i) Work with the trustee to support the Board to enable it to carry out its responsibilities;
  - (j) Carry out monitoring and evaluation functions;
  - (k) Support the Board in arranging replenishment processes;
  - (l) Establish and run effective knowledge management practices;
  - (m) Perform any other functions assigned by the Board.

**F. Trustee**

- 24. The Fund will have a trustee with administrative competence to manage the financial assets of the Fund. The trustee will maintain appropriate financial

records and will prepare financial statements and other reports required by the Board, in accordance with internationally accepted fiduciary standards.

25. The trustee will administer the assets of the Fund only for the purpose of, and in accordance with, the relevant decisions of the Board. The trustee will hold the assets of the Fund separate and apart from the assets of the trustee, but may commingle them for administrative and investment purposes with other assets maintained by the trustee. The trustee will establish and maintain separate records and account in order to identify the assets of the Fund.
26. The World Bank will serve as interim trustee for the Fund, subject to a review three years after the operationalization of the Fund.
27. The trustee will be accountable to the Board for the performance of its responsibilities as trustee for the Fund.

### III. ADMINISTRATIVE COSTS

28. The Fund will finance the operating costs of the Board, secretariat and trustee.

### IV. FINANCIAL INPUTS

29. The Fund will receive financial inputs from developed country Parties to the Convention.
30. The Fund may also receive financial inputs from a variety of other sources, public and private, including alternative sources.

### V. OPERATIONAL MODALITIES

31. The Fund will provide simplified and improved access to funding, including direct access, basing its activities on a country-driven approach and will encourage the involvement of relevant stakeholders, including vulnerable groups and addressing gender aspects.
32. The Board will steer the Fund's operations so that they evolve with the Fund's scale and maturity and will exercise flexibility to allow the Fund to evolve over time and become the main global fund for climate change finance.

#### A. Complementarity and coherence

33. The Fund shall operate in the context of appropriate arrangements between itself and other existing funds under the Convention, and between itself and other funds, entities, and channels of climate change financing outside the Fund.
34. The Board will develop methods to enhance complementarity between the activities of the Fund and the activities of other relevant bilateral, regional and global funding mechanisms and institutions, to better mobilize the full range of financial and technical capacities. The Fund will promote coherence in programming at the national level through appropriate mechanisms. The Fund will also initiate discussions on coherence in climate finance delivery with other relevant multilateral entities.

#### B. Eligibility

35. All developing country Parties to the Convention are eligible to receive resources from the Fund. The Fund will finance agreed full and agreed incremental costs for activities to enable and support enhanced action on adaptation, mitigation

(including REDD-plus),<sup>1</sup> technology development and transfer (including carbon capture and storage), capacity-building and the preparation of national reports by developing countries.

36. The Fund will support developing countries in pursuing project-based and programmatic approaches in accordance with climate change strategies and plans, such as low-emission development strategies or plans, nationally appropriate mitigation actions (NAMAs), national adaptation plans of action (NAPAs), national adaptation plans (NAPs) and other related activities.

### **C. Funding windows and fund structure**

37. The Fund will have thematic funding windows. Initially, the Fund will have windows for adaptation and mitigation. An integrated approach to funding mitigation and adaptation will be used to allow for cross-cutting projects and programmes.
38. The Board shall also ensure adequate resources for capacity-building and technology development and transfer. The Fund will also provide resources for innovative and replicable approaches.
39. The Board will consider the need for additional windows. The Board will have the authority to add, modify and remove additional windows and substructures or facilities as appropriate.

### **1. READINESS AND PREPARATORY SUPPORT**

40. The Fund will provide resources for readiness and preparatory activities and technical assistance, such as the preparation or strengthening of low-emission development strategies or plans, NAMAs, NAPs, NAPAs and for in-country institutional strengthening, including the strengthening of capacities for country coordination and to meet fiduciary principles and standards and environmental and social safeguards, in order to enable countries to directly access the Fund.

### **2. PRIVATE SECTOR**

41. The Fund will have a private sector facility that enables it to directly and indirectly finance private sector mitigation and adaptation activities at the national, regional and international levels.
42. The operation of the facility will be consistent with a country-driven approach.
43. The facility will promote the participation of private sector actors in developing countries, in particular local actors, including small- and medium-sized enterprises and local financial intermediaries. The facility will also support activities to enable private sector involvement in SIDS and LDCs.
44. The Board will develop the necessary arrangements, including access modalities, to operationalize the facility.

### **D. Access modalities and accreditation**

45. Access to Fund resources will be through national, regional and international implementing entities accredited by the Board. Recipient countries will determine the mode of access and both modalities can be used simultaneously.

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<sup>1</sup> Reducing emissions from deforestation and forest degradation in developing countries; and the role of conservation, sustainable management of forests and enhancement of forest carbon stocks in developing countries.

46. Recipient countries may designate a national authority. This national designated authority will recommend to the Board funding proposals in the context of national climate strategies and plans, including through consultation processes. The national designated authorities will be consulted on other funding proposals for consideration prior to submission to the Fund, to ensure consistency with national climate strategies and plans.

**1. DIRECT ACCESS**

47. Recipient countries will nominate competent subnational, national and regional implementing entities for accreditation to receive funding. The Board will consider additional modalities that further enhance direct access, including through funding entities with a view to enhancing country ownership of projects and programmes.

**2. INTERNATIONAL ACCESS**

48. Recipient countries will also be able to access the Fund through accredited international entities, including United Nations agencies, multilateral development banks, international financial institutions and regional institutions.

**3. ACCREDITATION**

49. The Board will develop, manage and oversee an accreditation process for all implementing entities based on specific accreditation criteria that reflect the Fund's fiduciary principles and standards and environmental and social safeguards.

**E. Allocation**

50. The Board will balance the allocation of resources between adaptation and mitigation activities under the Fund and ensure appropriate allocation of resources for other activities.
51. A results-based approach will be an important criterion for allocating resources.
52. In allocating resources for adaptation, the Board will take into account the urgent and immediate needs of developing countries that are particularly vulnerable to the adverse effects of climate change, including LDCs, SIDS and African States, using minimum allocation floors for these countries as appropriate. The Board will aim for appropriate geographical balance.

**F. Programming and approval processes**

53. The Fund will have a streamlined programming and approval process to enable timely disbursement. The Board will develop simplified processes for the approval of proposals for certain activities, in particular small-scale activities.

**VI. FINANCIAL INSTRUMENTS**

54. The Fund will provide financing in the form of grants and concessional lending, and through other modalities, instruments or facilities as may be approved by the Board. Financing will be tailored to cover the identifiable additional costs of the investment necessary to make the project viable. The Fund will seek to catalyse additional public and private finance through its activities at the national and international levels.
55. The Fund may employ results-based financing approaches, including, in particular for incentivizing mitigation actions, payment for verified results, where appropriate.
56. Financial management practices and financing agreements will be in keeping with the Fund's fiduciary principles and standards and environmental and social

safeguards to be adopted by the Board. The Board will develop an appropriate risk management policy for funding and financial instruments.

### **VII. MONITORING**

57. The programmes and projects, as well as other activities, funded by the Fund will be regularly monitored for impact, efficiency and effectiveness in line with rules and procedures established by the Board. The use of participatory monitoring involving stakeholders will be encouraged.
58. A results measurement framework with guidelines and appropriate performance indicators will be approved by the Board. Performance against these indicators will be reviewed periodically in order to support the continuous improvement of the Fund's impact, effectiveness and operational performance.

### **VIII. EVALUATION**

59. There will be periodic independent evaluations of the performance of the Fund in order to provide an objective assessment of the results of the Fund, including its funded activities and its effectiveness and efficiency. The purpose of these independent evaluations is to inform decision-making by the Board and to identify and disseminate lessons learned. The results of the periodic evaluations will be published.
60. To this end, the Board will establish an operationally independent evaluation unit as part of the core structure of the Fund. The head of the unit will be selected by, and will report to, the Board. The frequency and types of evaluation to be conducted will be specified by the unit in agreement with the Board.
61. Reports of the Fund's independent evaluation unit will be provided to the COP for purposes of periodic reviews of the financial mechanism of the Convention.
62. The COP may commission an independent assessment of the overall performance of the Fund, including Board performance.

### **IX. FIDUCIARY STANDARDS**

63. The Board will agree on, adopt, and ensure the application of best practice fiduciary principles and standards to the Fund's entities, the trustee's function related to the Fund, and to all operations, projects and programmes financed by the Fund, including the implementing entities.
64. The Fund will support the strengthening of capacities in recipient countries, where needed, to be able to meet the Fund's fiduciary principles and standards, based on modalities that will be established by the Board.

### **X. ENVIRONMENTAL AND SOCIAL SAFEGUARDS**

65. The Board will agree on and adopt best practice environmental and social safeguards, which shall be applied to all programmes and projects financed using the resources of the Fund.
66. The Fund will support the strengthening of capacities in recipient countries, where needed, to enable them to meet the Fund's environmental and social safeguards, based on modalities that shall be developed by the Board

### **XI. ACCOUNTABILITY MECHANISMS**

67. The Fund's operations will be subject to an information disclosure policy that will be developed by the Board.

68. The Board will establish an independent integrity unit, to work with the secretariat and report to the Board, to investigate allegations of fraud and corruption in coordination with relevant counterpart authorities.
69. The Board will establish an independent redress mechanism that will report to the Board. The mechanism will receive complaints related to the operation of the Fund and will evaluate and make recommendations.

**XII. EXPERT AND TECHNICAL ADVICE**

70. In carrying out its functions the Board will develop mechanisms to draw on appropriate expert and technical advice, including from the relevant thematic bodies established under the Convention, as appropriate.

**XIII. STAKEHOLDER INPUT AND PARTICIPATION**

71. The Board will develop mechanisms to promote the input and participation of stakeholders, including private-sector actors, civil society organizations, vulnerable groups, women and indigenous peoples, in the design, development and implementation of the strategies and activities to be financed by the Fund.

**XIV. TERMINATION OF THE FUND**

72. Termination of the Fund will be approved by the COP based on a recommendation of the Board.

**DECISIONS AND POLICY FRAMEWORKS**

**AGREED BY THE BOARD OF THE**

**GREEN CLIMATE FUND**

**THROUGH NOVEMBER 2019**

## CHAPTER I. BUSINESS MODEL AND FUNDING RELATED POLICIES

### BUSINESS MODEL FRAMEWORK

#### **DECISION B.04/04: Business Model Framework – objectives, results and performance indicators**

The Board:

- (a) Noted convergence that the Fund will have a strategic focus on climate mitigation and adaptation, and also seek to maximize sustainable development;
- (b) Reaffirmed that country ownership will be a core principle of the business model framework of the Fund and that countries will identify their priority result areas in line with their national strategies and plans;
- (c) Decided to consider further the initial result areas of the Fund, with an aim to achieve substantial progress at its September 2013 meeting;
- (d) Further decided to consider the core performance indicators to be employed by the Fund to measure performance against the objectives of the Fund and the mitigation and adaptation results to be considered by the Board at its September 2013 meeting;
- (e) Further decided to consider the expected impacts and role of the Fund in the initial result areas at its second meeting in 2014.

#### **\*DECISION B.01-13/06: Development of the Business Model Framework**

The Board, having reviewed document GCF/B.01-13/11 Business model framework of the Green Climate Fund:

- (a) Took note of, and welcomed, the work of the business model framework team, comprised of six Board members/alternate members, formed at its second meeting under decision B.02-12/03, in the preparation of the detailed terms of reference for a consultancy on the business model framework of the Green Climate Fund, as contained in the Annex of document GCF/B.01-13/11;
- (b) Noted that the following areas of convergence on the business model framework of the Fund are consistent with the Governing Instrument, namely that the Fund will be ambitious, flexible and scalable, have a country-driven and owned approach, employ direct access and other access modalities, and leverage additional public and private resources through the operational modalities of the Fund, including through the private sector facility;
- (c) Further noted convergence that the Fund should also:
  - (i) Recognize that a country driven approach is a core principle to build the business model of the Fund;
  - (ii) Commence as a fund that operates through accredited national, regional and international intermediaries and implementing entities;
  - (iii) Focus initially on grants and concessional lending, and employ additional financial instruments as necessary to effectively achieve the objectives of the Fund;
  - (iv) Enhance transparency and accountability;
- (d) Decided that the areas of the business model framework set out in Annex XIV to this report should be the focus of further analysis and work to develop options for consideration by the Board at its June 2013 meeting;

- (e) Decided that the areas of the business model framework set out in Annex XV to this report should be the focus of further analysis and work to develop options for consideration by the Board at its September 2013 meeting;
- (f) Requested the Interim Secretariat, under the guidance of the Co-Chairs, to draw from, and build on, the work on the terms of reference for a consultancy on the business model framework of the Green Climate Fund to develop the parameters for the work set out in Annexes XIV and XV to this report;
- (g) Requested the Co-Chairs to work with the Interim Secretariat to ensure that there is overall coherence within the development of the business model framework work, as well as coherence between the business model framework work and the broader work plan of the Board;
- (h) Requested thereafter that the business model framework team provides guidance on the work set out in Annexes XIV and XV to this report and coherence, and report to the Board at its June and September 2013 meetings;
- (i) Requested the Interim Secretariat to undertake the work set out in Annexes XIV and XV to this report with the assistance of consultants, and reflect upon the views expressed at the March 2013 Board meeting and in submissions on the business model framework by the members and alternate members of the Board and observers;
- (j) Decided to authorize the Interim Secretariat, if necessary, to organize one or several meeting/s of the business model framework team to review the Board documents, under the guidance of the Co-Chairs, prior to the June and September 2013 Board meetings;
- (k) Decided to authorize the Interim Secretariat to organize an informal discussion on the business model framework documents one day prior to the June and September 2013 Board meetings;
- (l) Acknowledged that an amount of US\$ 600,000 from the administrative budget of the Fund for the period from 1 November 2012 to 31 December 2013, as amended in this decision, may be used for the completion of the work set out in Annexes XIV and XV to this report;
- (m) Requested the Interim Secretariat, under the guidance of the Co-Chairs, to ensure that expenditure under this decision is efficient and cost-effective and to seek the Co-Chairs' approval if there is a requirement to exceed the amount of US\$ 600,000, noting the Co-Chairs may approve a larger allocation of funding for this work, provided that it can be accommodated within the administrative budget of the Fund for the period from 1 November 2012 to 31 December 2013, as amended in this decision;
- (n) Approved the administrative budget for the Fund for the period from 1 November 2012 to 31 December 2013, as adopted in decision B.02-12/06 for the Interim Secretariat, and specifically the amount allocated for consultancies, be increased by US\$ 150,000;
- (o) Invited contributions to the Green Climate Fund Trust Fund; and
- (p) Authorized the Interim Trustee to make additional cash transfers of US\$ 150,000 from the Green Climate Fund Trust Fund to the UNFCCC secretariat for the Interim Secretariat for this purpose, subject to available resources in the Green Climate Fund Trust Fund, as determined by the Interim Trustee.

(Note: Annexes XIV and XV mentioned in decision B.01-13/06 can be found at the following link: [https://www.greenclimate.fund/documents/20182/24931/GCF.B.01-13.12 - Decisions of the Board - Third Meeting of the Board 13-15 March 2013.pdf/05f6e4ae-3c80-455c-90c7-4b5750c234a4](https://www.greenclimate.fund/documents/20182/24931/GCF.B.01-13.12_-_Decisions_of_the_Board_-_Third_Meeting_of_the_Board_13-15_March_2013.pdf/05f6e4ae-3c80-455c-90c7-4b5750c234a4) )

## **ACCESS TO FUNDING**

### **DECISION B.04/06: Access to funding**

The Board:

- (a) Noted the direction of the Governing Instrument that the Fund will provide simplified and improved access to funding, to encourage a country-driven approach;
- (b) Noted that the Board will consider additional modalities that further enhance direct access, including through funding entities with a view to enhancing country ownership of projects and programmes; and that the Fund will provide for readiness and preparatory activities and technical assistance, such as the preparation or strengthening of low-emission development strategies or plans, NAMAs, NAPs, NAPAs, and for in-country institutional strengthening, including the strengthening of capacities for country coordination and to meet fiduciary principles and standards and environmental and social safeguards, in order to enable countries to directly access the Fund;
- (c) Noted convergence on the need to develop the Fund's own access modalities, including, inter alia, accreditation procedures, best-practice fiduciary principles and standards and environmental and social safeguards;
- (d) Further noted convergence on a phased approach, during which the Fund will use, on an interim basis, the accreditation procedures, including best-practice fiduciary principles and standards and environmental and social safeguards, of other relevant funds;
- (e) Noted the guidance contained in the Governing Instrument, which mandated the Board to consider additional methodologies that further enhance direct access, including through funding entities, with a view to enhancing country ownership of projects and programmes;
- (f) Decided to consider at its September 2013 meeting:
  - (i) interim accreditation procedures, including best-practice fiduciary principles and standards and environmental and social safeguards and any other relevant criteria to enhance transparency, effectiveness and efficiency, used by other relevant funds;
  - (ii) the elaboration of criteria for the accreditation of sub-national, national, regional and international intermediaries and implementing entities; and
  - (iii) an assessment, against the criteria, of existing accredited national, regional and international intermediaries and implementing entities by other relevant funds, with a view to agreeing whether or not those intermediaries and implementing entities should be provided with interim accreditation;
- (g) Decided to consider at its first meeting in 2014 additional modalities that further enhance direct access, including through funding entities with a view to enhancing country ownership of projects and programmes;
- (h) Further decided to consider the process for transitioning from the interim accreditation procedures, fiduciary principles and standards and environmental and social safeguards to the Fund's own accreditation procedures, including best-practice fiduciary principles and standards and environmental and social safeguards, at its second meeting in 2014.

## **ALLOCATION OF FUND RESOURCES**

### **DECISION B.23/02 (c)(i): Updated Workplan of the Board for 2019**

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”:

- (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

**DECISION B.22/21: Set-aside for the operating costs of the GCF for 2019 and 2020**

The Board, having reviewed document GCF/B.22/15/Rev.01 titled “Review of the amounts to be set aside for the operating costs of the Green Climate Fund and the foreign exchange commitment risk buffer for solvency risks”:

- (a) Decides to set aside the amount of USD 45 million towards the operating expenses of GCF for 2020;
- (b) Also decides to set aside an initial amount of USD 100 million towards the risk buffer; and
- (c) Requests the Budget Committee to review the risk buffer requirement and update the Board on the adequacy of the amount at its twenty-fourth meeting.

**\*DECISION B.21/14: Financial Planning of the Commitment Authority of the GCF for 2019**

The Board, having reviewed document GCF/B.21/33/Rev.01 titled “Analysis of options for the financial planning of the commitment authority of the Green Climate Fund for the remainder of the initial resource mobilization period, 2019, and 2020”:

- (a) Takes note that the Green Climate Fund cumulative funding approvals as at the twenty-first meeting of the Board amount to USD 5.5 billion, and the remaining commitment authority for the initial resource mobilization period is currently projected at USD 1.7 billion;
- (b) Notes, in view of the above, that the Green Climate Fund will reach the end of the initial resource mobilization period (2015–2018) with the remaining commitment authority carried over into 2019, which necessitates financial planning of the resources of the Green Climate Fund for 2019 pending the conclusion of the first replenishment of the Green Climate Fund;
- (c) Takes note of the analysis on the options for financial management of the commitment authority contained in annex II to document GCF/B.21/33/Rev.01;
- (d) Intends that this decision on managing commitment authority for 2019 is without prejudice to the amounts originally provisionally allocated for the requests for proposal, or to the consideration of pipeline not brought forward in the next year;
- (e) Decides to allocate the remaining commitment authority for the initial resource mobilization period and 2019 for funding proposals as follows over the course of its meetings in 2019:
  - (i) Up to USD 600 million to fund projects submitted in response to requests for proposals and pilot programmes, including the requests for proposals on REDD-plus results-based payments, mobilizing funds at scale, micro, small and medium-sized enterprises, enhanced direct access and the simplified approval process; and

- (ii) Remaining commitment authority, projected to be in the range of USD 0.7–0.8 billion after accounting for subparagraph (e)(i) above and paragraphs (f)–(g) below, to be allocated for other funding proposals;
- (f) Requests the Budget Committee to present to the Board for its consideration at its twenty-second meeting a draft decision covering a set-aside for the operating costs of the Green Climate Fund (including administration of the Board, Secretariat, Trustee, and independent units) and foreign exchange commitment risk buffer for solvency risks for 2019 and 2020 as required;
- (g) Notes that the Board will consider the forward budget for the Readiness and Preparatory Support Programme at its twenty-second meeting;
- (h) Requests the Secretariat to present funding proposals for the Board’s consideration and ensure resources for the operation of the Green Climate Fund in line with this decision and keep changes in the level of the Green Climate Fund commitment authority under review;
- (i) Also requests the Secretariat, in managing the pipeline for 2019, to bring forward funding proposals that fully align with the Green Climate Fund investment criteria and continue to balance commitments and diversity among accredited entities, across regions and across the initial results areas of the Green Climate Fund in accordance with prior decisions of the Board, particularly decision B.06/06 on resource allocation;
- (j) Further requests the Secretariat to develop for consideration by the Board at its twenty-second meeting an initial analysis of options to minimize the effects of currency fluctuations on the commitment authority of the Green Climate Fund.

**\*DECISION B.06/06: Adoption of initial parameters and guidelines for allocation of resources**

The Board, having reviewed document GCF/B.06/05 Policies and Procedures for the Initial Allocation of Fund Resources,

- (a) Adopts the following initial parameters and guidelines for allocation of resources, during the initial phase of the Fund:
  - (i) Decision to aim for a 50:50 balance between mitigation and adaptation over time;
  - (ii) Decision to aim for a floor of fifty per cent of the adaptation allocation for particularly vulnerable countries, including least developed countries (LDCs), small island developing States (SIDS) and African States;
  - (iii) Decision to manage access to resources with a view to seeking geographic balance and a reasonable and fair allocation across a broad range of countries, while maximizing the scale and transformational impact of the mitigation and adaptation activities of the Fund;
  - (iv) Decision to maximize engagement with the private sector, including through a significant allocation to the Private Sector Facility;
  - (v) Decision that sufficient resources should be provided for readiness and preparatory support;
  - (vi) Decision that all allocation parameters should be determined in grant equivalents;
- (b) Requests the Secretariat to report annually on the status of resources in respect of the allocation parameters;
- (c) Decides to undertake a review of the initial allocation parameters and guidelines, including of concentration risks, subject to the size of the Fund, no later than two years from the start of allocation of resources.

**\*DECISION B.05/05: Allocation of Fund resources**

The Board, having reviewed document GCF/B.05/05 Business Model Framework: Allocation:

- (a) Decides that the Fund will adopt a theme/activity-based approach to the allocation of resources in order to meet the Fund's objectives;
- (b) Decides that the Board will keep the allocation system under review with the intention of improving it over time;
- (c) Decides that the Fund will initially make allocations under adaptation, mitigation and the Private Sector Facility, and that there will be balance between adaptation and mitigation and the appropriate allocation of resources for other activities;
- (d) Decides that, in relation to adaptation, resources will be allocated based on:
  - (i) the ability of a proposed activity to demonstrate its potential to adapt to the impacts of climate change in the context of promoting sustainable development and a paradigm shift;
  - (ii) the urgent and immediate needs of vulnerable countries, in particular LDCs, SIDS and African States;
- (e) Decides that, in relation to mitigation, resources will be allocated based on the ability of a proposed activity to demonstrate its potential to limit and reduce greenhouse gas emissions in the context of promoting a paradigm shift;
- (f) Decides that, in relation to the Private Sector Facility, resources will be allocated based on the contribution a proposed activity makes towards promoting a paradigm shift and to:
  - (i) Directly and indirectly finance private sector mitigation to limit and reduce greenhouse gas emissions and adaptation to the impacts of climate change activities;
  - (ii) Promoting the participation of private sector actors in developing countries, in particular local actors, including small and medium-sized enterprises and local financial intermediaries, and activities to enable private sector involvement in SIDS and LDCs;
- (g) Requests the Secretariat to develop and present to the Board at its second meeting in 2014 a resource allocation system, based on this decision and taking into consideration the views expressed by the Board, that facilitates:
  - (i) Cross-cutting proposals;
  - (ii) A results-based approach;
  - (iii) A country-driven approach;
  - (iv) A geographically balanced approach;
  - (v) Private sector mitigation and adaptation activities at the national, regional and international levels;
- (h) Further requests the Secretariat to develop and present an initial process for review and approval of proposals to the Board at its second meeting in 2014.

**INITIAL INVESTMENT FRAMEWORK/INVESTMENT CRITERIA INDICATORS****\*DECISION B.24/14: Adoption of a Policy on co-financing**

The Board, having considered document GCF/B.24/04 titled "Review of the initial investment framework: Policy on co-financing":

- (a) Adopts the Policy on Co-financing as set out in annex XXVIII;
- (b) Decides that the Policy on Co-financing will apply to funding proposals approved at the twenty-sixth meeting of the Board and thereafter;
- (c) Requests the Secretariat to design and implement a capacity-building programme, as part of the Readiness and Preparatory Support Programme, to support direct access accredited entities in the implementation of the Policy on Co-financing, including its reporting and evaluation requirements;
- (d) Also requests the Secretariat to update the templates for concept notes and funding proposals to reflect the Policy on Co-financing by the twenty-fifth meeting of the Board, in keeping with the Secretariat's current practice of updating templates no more than once per year;
- (e) Further requests the Secretariat to recommend for the Board's consideration the modality for the review of the Policy on Co-financing as part of the overall GCF policy review and update cycle, ensuring consistency with other relevant policies and building upon lessons learned and implementation challenges identified in the application of this policy;
- (f) Requests the Secretariat to report relevant financial data defined in the Policy on Co-financing no later than 2021 on the basis of 2020 data to inform relevant processes and relevant institutions collecting international development finance data, including those informing assessments by the Standing Committee on Finance and the reporting for the Biennial Reports under the United Nations Framework Convention on Climate Change, as appropriate; and
- (g) Also requests the Secretariat to continue to work on the collaboration with relevant bilateral and multilateral institutions as well as on capacity-building with a view to introduce an instrument-based methodology to report mobilized private finance.

Annex XXVIII: Policy on Co-financing

**I. Purpose**

1. This Policy on Co-financing (the Policy) sets out key principles and approaches to determine and monitor public and private co-financing applicable to all GCF-funded activities.
2. The Policy provides guidance on determining, reporting and monitoring co-financing (as defined in section V below) in GCF-funded activities, consistent with paragraphs 54 and 57 of the Governing Instrument for the GCF.
3. The Policy also contains provisions to support GCF in accounting for and reporting on the mobilization of private finance to maximize the impact of GCF interventions in developing countries while assisting entities and countries in understanding, defining and applying the concept of co-financing in the specific context of the mandate of GCF.
4. The Secretariat will support focal points, national designated authorities, accredited entities (AEs) and other relevant stakeholders for the successful implementation of this Policy.

**II. Objective**

5. The objective of the Policy is to clarify definitions and key principles for the GCF, working with its partners, to attain adequate levels of co-financing as a means to:
  - (a) Achieve the highest possible impact and ambition expected from the GCF and strengthen climate action through both public sector and private sector contributions to the projects and programmes in accordance with the objectives and guiding principles of the GCF;
  - (b) Strengthen country ownership and provide for the necessary resources for the long-term sustainability of climate actions in developing countries;
  - (c) Increase accountability by improving transparency and consistency of reporting of the amounts of co-financing; and
  - (d) Improve complementarity with other climate funds.

**III. Definitions**

6. The following terms, as defined, apply to the GCF Policy on Co-financing:

- (a) **“Co-financing”** means the financial resources required, whether Public Finance or Private Finance, in addition to the GCF Proceeds, to implement the Funded Activity for which a Funding Proposal has been submitted;
- (b) **“Expected Co-financing”** means the amount of Co-financing, based on ex-ante estimations, that is identified in the Funding Proposal submitted to the Board for adoption and included in the funded activity agreement that is expected to be necessary for the implementation of the Funded Activity;
- (c) **“Funded Activity”** means the project or programme described in the Funding Proposal;
- (d) **“Funding Proposal”** means, prior to Board approval, the Funding Proposal submitted to the GCF by the Secretariat, and, after Board approval, the Funding Proposal as approved by the Board, including any modification thereto made in accordance with the policies, rules and procedures of the GCF;
- (e) **“GCF Proceeds”** means the amount of financial resources requested by the AE from the GCF in the Funding Proposal or, if different, the amount approved by the Board in respect of a particular Funded Activity;
- (f) **“Leveraged Private Finance”** means private investment resulting from the contribution associated with GCF involvement in an investment, regardless of whether or not the GCF was actively and/or directly involved in raising such financing or soliciting investors, and includes investment made as a result of the intervention of additional investors after the first project is completed;
- (g) **“Mobilized Private Finance”** means, in the context of a Funded Activity, the Private Finance mobilized as a result of the GCF Proceeds, calculated in accordance with relevant methodologies;
- (h) **“Parallel Finance”** means the financial resources that flow alongside GCF Proceeds to a project, but which are not required for the implementation of the Funded Activity, and which are earmarked for other outcomes and may be consistent with general mitigation and adaptation measures;
- (i) **“Private Finance”** means all financial resources that are provided for the implementation of a Funded Activity from entities that are more than 50 per cent owned and/or controlled by private shareholders;
- (j) **“Public Finance”** means all financial resources, other than the GCF Proceeds, that are provided for the implementation of a Funded Activity from the public sector or entities that are more than 50 per cent owned and/or controlled by the public sector; and
- (k) **“Realized Co-financing”** means the amount of Co-financing, based on ex-post assessments, actually provided to the Funded Activity during its implementation.

#### IV. Principles

- 7. There is no minimum amount of Co-financing required for a Funded Activity, and no specific sources of Co-financing that must be complied with.
- 8. Whenever possible, Funded Activities should seek to incorporate appropriate levels of Co-financing to maximize the impact of GCF Proceeds, as determined on a case-by-case basis, cognizant that while desirable to demonstrate alignment of interests between the GCF and AEs, and country ownership by developing countries, Co-financing may not always be achievable or realistic.
- 9. While maximizing Co-financing is desirable, GCF will avoid using Co-financing metrics as stand-alone targets since maximizing climate mitigation and adaptation results does not necessarily equate with minimizing or optimizing spending on climate mitigation and adaptation. Co-financing ratios as well as expected levels of Mobilized Private Finance or Leveraged Private Finance should therefore not become stand-alone targets, as this may disincentivize GCF from financing projects/programmes with strong impact potential and high paradigm shift potential.
- 10. Co-financing should be assessed in a comprehensive manner in conjunction with other indicators included in the investment framework.
- 11. Where GCF funding is covering the whole or part of the incremental costs of a Funded Activity, other costs should be co-financed by other sources.

#### V. Reporting and other requirements

- 5.1 Accredited entities
- 12. AEs shall include in each Funding Proposal the amount of the Expected Co-financing (broken down by Private Finance and Public Finance), if any, required for the implementation of the relevant Funded Activity.
- 13. AEs shall monitor and report on the delivery of Co-financing to the relevant Funded Activity in absolute numerical terms, including separately in respect of Private Finance and Public Finance delivered, in accordance with the provisions of the relevant legal agreements between the AE and the GCF.
- 14. Upon completion of a Funded Activity, the AE shall report on Realized Co-financing by including in the relevant reports required by GCF under the relevant legal agreements an assessment of the extent to which the Expected Co-financing (broken down by Private Finance and Public Finance) was actually provided by the relevant

co-financier for the implementation of the Funded Activity. Such reports shall also include information on any financial resources provided for the implementation of the Funded Activity that were not identified in the Funding Proposal.

15. At the completion of the relevant Funded Activity, AEs should, to the extent possible, also report via the final annual performance report (or project completion report) on:

- (a) Parallel Finance, which may be reported in qualitative terms; and
- (b) Leveraged Private Finance, which should be reported in absolute numerical terms and on the basis of demonstrable casual links.

### 5.2 Secretariat

16. The Secretariat will monitor overall Co-financing at the Funded Activity, and portfolio, level, including in relation to the levels of Public Finance, Private Finance, Mobilized Private Finance, Parallel Finance and Leveraged Private Finance based on the information provided by AEs.

17. The Secretariat will report on such Co-financing, based on relevant methodologies, to the extent available and based on the information provided by AEs, through the annual portfolio review or other such reports as the Fund may request from time to time. In particular, to the extent available, the reporting shall include information on:

- (a) The total amount of Co-financing, Mobilized Private Finance, Parallel Finance and Leveraged Private Finance at the individual Funded Activity level, distinguishing Public Finance and Private Finance; and
- (b) The total amount of Co-financing, Mobilized Private Finance, Parallel Finance and Leveraged Private Finance at the GCF portfolio level, distinguishing Public Finance and Private Finance.

18. In reporting Leveraged Private Finance, the Secretariat will endeavour to the extent possible to complement information provided by AEs with any other reliable publicly available information.

19. The Secretariat shall develop guidelines that will include, among other things:

- (a) an instrument-based methodology to measure and report to the Board and other relevant bodies Mobilized Private Finance in collaboration with relevant bodies and institutions;
- (b) guidance and methodologies on, among others, measuring and reporting Leveraged Finance and Parallel Finance at project completion; and
- (c) guidance relating to the treatment of in-kind contributions and tax exemptions.

## VI. Effectiveness

20. This Policy shall apply to all Funding Proposals approved by the Board starting from the twenty-sixth-meeting of the Board.

### **DECISION B.22/15: Adoption of Investment Criteria Indicators for a pilot period**

The Board, having considered document GCF/B.22/05 titled “Investment criteria indicators”:

- (a) Adopts the investment criteria indicators for a pilot period of one year as set out in annex VII to this decision; and
- (b) Takes note of the actions by the Secretariat as set out in annex VIII.

### Annex VII: Investment criteria indicators

#### **I. Objectives and approach towards implementation**

1. The investment criteria indicators:

- (a) Should guide a range of GCF stakeholders, particularly by providing information to (i) the Board when approving projects; (ii) the independent Technical Advisory Panel (TAP) and the Secretariat when reviewing projects; (iii) and the accredited entities (AEs) when developing project/programme proposals so they can more clearly describe how the project is expected to deliver against the relevant investment criteria, taking into account the differing national circumstances of developing countries;
- (b) Shall not be used to screen out proposals for funding and shall not be used as a binary pass/fail test or set a single threshold that must be passed; instead, the indicators should support AEs in describing the extent to which a funding proposal delivers against the investment criteria and provides a mechanism through which an explanation can be provided for performance that is relatively higher or lower than expected, again taking into account differing national circumstances;

- (c) Should provide more consistency and transparency in funding proposal documents and make the preparation and assessment of funding proposals more efficient;
- (d) Should be used by AEs to enhance the quality of funding proposals over time by increasing clarity on how different funding proposals meet the GCF investment criteria and by flagging where the Secretariat, TAP or the Board would require additional explanations or justification;
- (e) All of the indicators, and therefore the relevant investment criteria, should be considered for each proposal to understand its individual context and merits. A project may be less strong on one criterion (e.g. sustainable development potential) but stronger on another (e.g. impact potential). The two should be considered together and not in isolation; and
- (f) Application of the indicators must consider the range of differing national circumstances and take into account the needs of those developing countries particularly vulnerable to the adverse effects of climate change, as requested by the Board in decision B.09/05, paragraph (d).

### II. Indicators for each investment criterion

2. All the indicators noted below will take into consideration different country contexts.

#### 2.1 Impact potential

3. Separate indicators are proposed for the impact potential of mitigation and adaptation projects.

4. **Mitigation impact indicator: project lifetime emission reductions (in tonnes of carbon dioxide equivalent).** Project proposals should describe the expected reductions in emissions resulting from the GCF intervention.

5. **Adaptation impact indicator.** Project proposals should describe the expected change in loss of lives, value of physical assets, livelihoods, and/or environmental or social losses due to the impact of extreme climate-related disasters and climate change in the geographical area of the GCF intervention. Proposals should also refer to the number of direct and indirect beneficiaries of the project, taking into account the needs of developing countries that are particularly vulnerable to the adverse effects of climate change.

#### 2.2 Paradigm shift potential

6. **Necessary conditions indicator.** Project proposals should identify a vision for paradigm shift as it relates to the subject of the project. The vision for paradigm shift should outline how the proposed project can catalyse impact beyond a one-off investment. This vision for longer-term change should be accompanied by a robust and convincing theory of change for replication and/or scaling up of the project results, including the long-term sustainability of the results, or by a description of the most binding constraint(s) to change and how it/they will be addressed through the project.

#### 2.3 Sustainable development potential

7. **Co-benefits indicator.** In addition to the impacts of the project, the proposals must identify at least one positive co-benefit – with an associated indicator, and baseline and target values, disaggregated for men and women if disaggregated data are available domestically – in at least two of the four coverage areas:

- (a) Economic co-benefits, such as the creation of jobs, poverty alleviation and enhancement of income and financial inclusion, especially among women;
- (b) Social co-benefits, such as improvements in health and safety, access to education, cultural preservation, improved access to energy, social inclusion, improved sanitation facilities and improved quality of and access to other public utilities such as water supply;
- (c) Environmental co-benefits, including increased air, water and soils quality, conservation and biodiversity; and
- (d) Gender empowerment co-benefits outlining how the project will reduce gender inequalities.

8. Where appropriate, proposals should reference the ability of the project to enable the achievement of one or more of the Sustainable Development Goals.

#### 2.4 Needs of the recipient

9. **Mitigation and adaptation indicator: barriers to climate-related finance.** Project proposals should describe the country's financial, economic, social and institutional needs and the barriers to accessing domestic (public), private and other international sources of climate-related finance. The proposal should outline how the proposed intervention will address the identified needs and barriers.

#### 2.5 Country ownership

10. **Alignment with nationally determined contributions (NDCs), relevant national plans indicator, and/or enabling policy and institutional frameworks.** Project proposals should clearly describe how the proposed activities align with the country's NDC and other relevant national plans, and how the funding proposal will help to achieve the NDC or these plans by making progress against specific targets defined in national climate policies and

strategies, such as nationally appropriate mitigation actions and national adaptation plans. The proposals should also outline how the project will help to achieve national development goals and/or climate change policies. Proposals should also reference the degree to which the project is supported by a country's enabling policy and institutional framework or includes policy or institutional changes.

11. **Explanation of engagement with relevant stakeholders, including national designated authorities indicator.** Project proposals should outline how they were developed in consultation with relevant stakeholders. Engagement with national designated authorities is required.
- 2.6 Efficiency and effectiveness
12. Separate indicators are proposed for the efficiency and effectiveness of mitigation and adaptation projects.
13. **Mitigation efficiency and effectiveness indicator: cost per tonne of carbon dioxide equivalent.** Projects should give the cost per tonne of carbon dioxide equivalent of the GCF intervention.
14. **Mitigation efficiency and effectiveness indicator: ratio of co-financing.** As appropriate, projects should indicate the ratio of co-financing mobilized relative to the GCF contribution to the total project.
15. **Mitigation indicator: expected rate of return.**<sup>1</sup> As appropriate, projects should provide an estimate of the expected economic internal rate of return and/or financial internal rate of return, depending on the needs of the project.
16. **Mitigation and adaptation indicator: application of best practices.** Projects should describe how the proposal applies and builds on the best practices in the sector.

### Annex VIII: Follow-up actions by the Secretariat to support the implementation of the investment criteria indicators

1. The Secretariat will support the implementation of the investment criteria indicators following the Investment Committee's previous discussions on starting with a straightforward proposal and developing the indicators through experience and lessons learned.
2. Implementation of the indicators will be a phased process, starting as a pilot phase for one year. The indicators will initially be applied to the projects under implementation and relevant information on the indicators will be incorporated in the portfolio performance report to the Board.
3. By the twenty-third meeting of the Board (B.23), the Secretariat proposes to create guidelines to assist accredited entities (AEs) in implementing the indicators, including by defining a possible range of information that demonstrates how the GCF investment criteria have been interpreted and/or met. The guidelines will draw on the existing GCF portfolio of approved projects and will enable AEs to meet the requirements of the investment criteria.
4. At B.23 (or at a date agreed when the interrelated policy matters have been agreed, requiring updates to the funding proposal template), the Secretariat proposes to update the funding proposal template to incorporate the data required for AEs to report on the indicators.
5. The Secretariat will report back to the Board after one year on the progress made during the pilot period.
6. Finally, the Secretariat proposes that the investment criteria indicators will be reviewed when the results management framework and performance measurement framework are updated.

### **DECISION B.19/07: Investment criteria indicators – Development of a Proposal**

The Board, having considered document GCF/B.19/04/Rev.01 titled "Indicative Minimum Benchmarks":

- (a) Decides that the name of indicative minimum benchmarks, as requested in decision B.09/05, paragraph (d), be referred to as investment criteria indicators, as recommended by the Investment Committee; and
- (b) Requests the Secretariat to further develop a proposal on investment criteria indicators, under the guidance of the Investment Committee, for the consideration of the Board at its twentieth meeting, taking into account the feedback raised on investment criteria indicators by Board members during the nineteenth meeting of the Board and any further written comments that may be submitted before 30 March 2018.

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<sup>1</sup> The financial internal rate of return assesses the cost effectiveness of projects that generate financial reflows. The economic internal rate of return assesses the cost effectiveness of projects that do not generate financial reflows but result in substantial non-financial benefits.

**DECISION B.13/02: Deferral of consideration of indicative minimum benchmarks**

The Board:

Decides to defer the consideration of indicative minimum benchmarks to no later than its seventeenth session.

**\*DECISION B.09/05: Initial investment framework sub-criteria and assessment factors**

Taking into account the need to provide information required by national designated authorities (NDAs) and focal points, institutions and organizations that may be considering projects and programmes for possible funding from the Fund, and to provide predictability to the process of how the proposals might be reviewed;

The Board, having reviewed document GCF/B.09/07 Further Development of the Initial Investment Framework: Sub-Criteria and Methodology:

- (a) Notes the Board's agreement to keep under review the initial investment framework and to take action as necessary, in particular with respect to the criterion on needs of the recipient countries in the investment guidelines in decision B.07/06, paragraph (e);
- (b) Adopts the initial activity-specific sub-criteria and indicative assessment factors contained in Annex III, which take into account the Fund's initial investment framework, the Fund's initial result areas and initial results management framework, and other relevant decisions, with the understanding that national and sector-wide sub-criteria can be used only at the discretion of the recipient countries;
- (c) Decides to use indicative minimum benchmarks, in accordance with investment policies as decided by the Board, to ensure that projects and programmes demonstrate the maximum potential for a paradigm shift towards low-carbon and climate-resilient sustainable development;
- (d) Requests the Secretariat to present for consideration by the Board at its thirteenth meeting indicative minimum benchmarks in order to:
  - (i) Encourage ambition; and
  - (ii) Take into account the needs of those developing countries particularly vulnerable to the adverse effects of climate change, in particular the least developed countries (LDCs), small island developing States (SIDS), and African States, according to project size, mitigation/adaptation, and local and sector circumstances;
- (e) Also requests the Secretariat and the independent Technical Advisory Panel (iTAP) in the application of the indicative minimum benchmarks to be flexible and take into account country circumstances and country ownership;
- (f) Decides to use a scale of low/medium/high in order to assess the relative expected performance of a subset of projects and programmes based on the initial investment criteria. The Investment Committee will recommend to the Board to which subset of proposals this will apply. In the event that the Board is unable to agree an appropriate subset of proposals by its tenth meeting, the scaling pilot will automatically apply to all medium and large projects;
- (g) Requests the Secretariat and iTAP in the application of the assessment scale to take into account the needs of those developing countries particularly vulnerable to the adverse effects of climate change, in particular LDCs, SIDS and African States; and
- (h) Also requests the Secretariat in the development of the operations manual and appraisal toolkit to include guidance to accredited entities and NDAs on the application of the proposal approval process, including indicative minimum benchmarks and assessment scale. The inputs of NDAs will be taken into consideration in the development of the guidance.

Annex III: Initial investment framework: activity-specific sub-criteria and indicative assessment factors

The Accredited Entity will develop its funding proposal with due consideration of the investment criteria and the applicable and relevant activity-specific sub-criteria and indicative assessment factors. In the formulation of the proposal, the Accredited Entity is expected to respond to all six of the investment criteria but only the applicable and relevant sub-criteria and indicative assessment factors. Not all activity-specific sub-criteria and indicative assessment factors will be applicable or relevant for every proposal.

Table 1: Activity-specific sub-criteria and indicative assessment factors

Criterion	Definition	Coverage area	Activity-specific sub-criteria	Indicative assessment factors (including indicators) <sup>1</sup>
Impact potential	Potential of the programme/project to contribute to the achievement of the Fund's objectives and result areas	Mitigation impact	Contribution to the shift to low-emission sustainable development pathways	Expected tonnes of carbon dioxide equivalent (t CO2 eq) to be reduced or avoided (PMF-M Core 1) <sup>2</sup> Degree to which activity avoids lock-in of long-lived, high-emission infrastructure Expected increase in the number of households with access to low-emission energy Degree to which the programme/project supports the scaling up of low-emission energy in the affected region by addressing key barriers Expected number of MW of low-emission energy capacity installed, generated and/or rehabilitated Expected increase in the number of small, medium and large low-emission power suppliers (PMF-M 6.0 and related indicator(s)), and installed effective capacity Expected decrease in energy intensity of buildings, cities, industries and appliances (PMF-M 7.0 and related indicator(s)) Expected increase in the use of low-carbon transport (PMF-M 8.0 and related indicator(s))

<sup>1</sup> Indicative assessment factors include both quantitative indicators and qualitative factors.

<sup>2</sup> PMF-M Core 1 refers to a linkage with the first core indicator in the mitigation performance measurement framework, as contained in document GCF/B.08/07. PMF-A 5.0 refers to a linkage with the indicator 5.0 in the adaptation performance measurement framework and so on.

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Criterion	Definition	Coverage area	Activity-specific sub-criteria	Indicative assessment factors (including indicators) <sup>1</sup>
				<p>Expected improvement in the management of land or forest areas contributing to emission reductions (PMF-M 9.0 and related indicator(s))</p> <p>Expected improvement in waste management contributing to emission reductions (e.g. the change in the share of waste managed using low-carbon strategies and/or the change in the share of waste that is recovered through recycling and composting); and/or</p> <p>Other relevant indicative assessment factors, taking into account the Fund's objectives, priorities and result areas, as appropriate on a case-by-case basis</p>
		Adaptation impact	Contribution to increased climate-resilient sustainable development	<p>Expected total number of direct and indirect beneficiaries, (reduced vulnerability or increased resilience); number of beneficiaries relative to total population (PMF-A Core 1), particularly the most vulnerable groups</p> <p>Degree to which the activity avoids lock-in of long-lived, climate-vulnerable infrastructure</p> <p>Expected reduction in vulnerability by enhancing adaptive capacity and resilience for populations affected by the proposed activity, focusing particularly on the most vulnerable population groups and applying a gender-sensitive approach</p> <p>Expected strengthening of institutional and regulatory systems for climate-responsive planning and development (PMF-A 5.0 and related indicator(s))</p> <p>Expected increase in generation and use of climate information in decision-making (PMF-A 6.0 and related indicator(s))</p> <p>Expected strengthening of adaptive capacity and reduced exposure to climate risks (PMF-A 7.0 and related indicator(s))</p> <p>Expected strengthening of awareness of climate threats and risk-reduction processes (PMF-A 8.0 and related indicator(s)); and/or</p> <p>Other relevant indicative assessment factors, taking into account the Fund's objectives, priorities and result areas, as appropriate on a case-by-case basis</p>

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Criterion	Definition	Coverage area	Activity-specific sub-criteria	Indicative assessment factors (including indicators) <sup>1</sup>
Paradigm shift potential	Degree to which the proposed activity can catalyse impact beyond a one-off project or programme investment	Potential for scaling up and replication, and its overall contribution to global low-carbon development pathways being consistent with a temperature increase of less than 2 degrees Celsius (mitigation only)	<p>Innovation</p> <p>Level of contributions to global low-carbon development pathways, consistent with a temperature increase of less than 2 degrees Celsius</p> <p>Potential for expanding the scale and impact of the proposed programme or project (scalability)</p> <p>Potential for exporting key structural elements of the proposed programme or project elsewhere within the same sector as well as to other sectors, regions or countries (replicability)</p>	<p>Opportunities for targeting innovative solutions, new market segments, developing or adopting new technologies, business models, modal shifts and/or processes</p> <p>Expected contributions to global low-carbon development pathways consistent with a temperature increase of less than 2 degrees Celsius as demonstrated through:</p> <p>A theory of change for scaling up the scope and impact of the intended project/programme without equally increasing the total costs of implementation</p> <p>A theory of change for replication of the proposed activities in the project/programme in other sectors, institutions, geographical areas or regions, communities or countries</p>
		Potential for knowledge and learning	Contribution to the creation or strengthening of knowledge, collective learning processes, or institutions	Existence of a monitoring and evaluation plan and a plan for sharing lessons learned so that they can be incorporated within other projects
		Contribution to the creation of an enabling environment	<p>Sustainability of outcomes and results beyond completion of the intervention</p> <p>Market development and transformation</p>	<p>Arrangements that provide for long-term and financially sustainable continuation of relevant outcomes and key relevant activities derived from the project/programme beyond the completion of the intervention</p> <p>Extent to which the project/programme creates new markets and business activities at the local, national or international levels</p>

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Criterion	Definition	Coverage area	Activity-specific sub-criteria	Indicative assessment factors (including indicators) <sup>1</sup>
				<p>Degree to which the activity will change incentives for market participants by reducing costs and risks, eliminating barriers to the deployment of low-carbon and climate-resilient solutions</p> <p>Degree to which the proposed activities help to overcome systematic barriers to low-carbon development to catalyse impact beyond the scope of the project or programme</p>
		Contribution to the regulatory framework and policies	Potential for strengthened regulatory frameworks and policies to drive investment in low-emission technologies and activities, promote development of additional low-emission policies, and/or improve climate-responsive planning and development	<p>Degree to which the project or programme advances the national/local regulatory or legal frameworks to systemically promote investment in low-emission or climate-resilient development</p> <p>Degree to which the activity shifts incentives in favour of low-carbon and/or climate-resilient development or promotes mainstreaming of climate change considerations into policies and regulatory frameworks and decision-making processes at national, regional and local levels, including private-sector decision-making</p>
		Overall contribution to climate-resilient development pathways consistent with a country's climate change adaptation strategies and plans (adaptation only)	<p>Potential for expanding the proposal's impact without equally increasing its cost base (scalability)</p> <p>Potential for exporting key structural elements of the proposal to other sectors, regions or countries (replicability)</p>	<p>Scaling up the scope and impact of the intended project/programme without equally increasing the total costs of implementation</p> <p>A theory of change for replication of the proposed activities in the project/programme in other sectors, institutions, geographical areas or regions, communities or countries</p> <p>Degree to which the programme or project reduces proposed risks of investment in technologies and strategies that promote climate resilience in developing countries</p>
Sustainable development potential	Wider benefits and priorities	Environmental co-benefits	Expected positive environmental impacts, including in other result areas of the Fund, and/or in line with the priorities set at the national, local or sectoral level, as appropriate	Degree to which the project or programme promotes positive environmental externalities such as air quality, soil quality, conservation, biodiversity, etc.

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Criterion	Definition	Coverage area	Activity-specific sub-criteria	Indicative assessment factors (including indicators) <sup>1</sup>
		Social co-benefits	Expected positive social and health impacts, including in other result areas of the Fund, and/or in line with the priorities set at the national, local or sectoral levels, as appropriate	Potential for externalities in the form of expected improvements, for women and men as relevant, in areas such as health and safety, access to education, improved regulation and/or cultural preservation
		Economic co-benefits	Expected positive economic impacts, including in other result areas of the Fund, and/or in line with the priorities set at the national, local or sectoral level, as appropriate	Potential for externalities in the form of expected improvements in areas such as expanded and enhanced job markets, job creation and poverty alleviation for women and men, increased and/or expanded involvement of local industries; increased collaboration between industry and academia; growth of private funds attracted; contribution to an increase in productivity and competitive capacity; improved sector income-generating capacity; contribution to an increase in energy security; change in water supply and agricultural productivity in targeted areas, etc.
		Gender-sensitive development impact	Potential for reduced gender inequalities in climate change impacts and/or equal participation by gender groups in contributing to expected outcomes	Explanation of how the project activities will address the needs of women and men in order to correct prevailing inequalities in climate change vulnerability and risks
Needs of the recipient	Vulnerability and financing needs of the beneficiary country and population	Vulnerability of the country (adaptation only)	Scale and intensity of exposure of people, and/or social or economic assets or capital, to risks derived from climate change	Intensity of exposure to climate risks and the degree of vulnerability, including exposure to slow onset events  Size of population and/or social or economic assets or capital of the country exposed to climate change risks and impacts
		Vulnerable groups and gender aspects (adaptation only)	Comparably high vulnerability of the beneficiary groups	Proposed project/programme supports groups that are identified as particularly vulnerable in national climate or development strategies, with relevant sex disaggregation
		Economic and social development level of the country and the affected population	Level of social and economic development of the country and target population	Level of social and economic development (including income level) of the country and target population (e.g. minorities, disabled, elderly, children, female heads of households, indigenous peoples, etc.)

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Criterion	Definition	Coverage area	Activity-specific sub-criteria	Indicative assessment factors (including indicators) <sup>1</sup>
		Absence of alternative sources of financing	Opportunities for the Fund to overcome specific barriers to financing	Explanation of the existing barriers that create absence of alternative sources of financing and how they will be addressed
		Need for strengthening institutions and implementation capacity	Opportunities to strengthen institutional and implementation capacity in relevant institutions in the context of the proposal	Potential of the proposed programme or project to strengthen institutional and implementation capacity
Country ownership	Beneficiary country ownership of, and capacity to implement, a funded project or programme (policies, climate strategies and institutions)	Existence of a national climate strategy	Objectives are in line with priorities in the country's national climate strategy	Programme or project contributes to country's priorities for low- emission and climate-resilient development as identified in national climate strategies or plans, such as nationally appropriate mitigation actions (NAMAs), national adaptation plans (NAPs) or equivalent, and demonstrates alignment with technology needs assessments (TNAs), as appropriate Degree to which the activity is supported by a country's enabling policy and institutional framework, or includes policy or institutional changes
		Coherence with existing policies	Proposed activity is designed in cognizance of other country policies	
		Capacity of accredited entities or executing entities to deliver	Experience and track record of the Accredited Entity or executing entities in key elements of the proposed activity	Proponent demonstrates a consistent track record and relevant experience and expertise in similar or relevant circumstances as described in the proposed project/programme (e.g. sector, type of intervention, technology, etc.)
		Engagement with civil society organizations and other relevant stakeholders	Stakeholder consultations and engagement	Proposal has been developed in consultation with civil society groups and other relevant stakeholders, with particular attention being paid to gender equality, and provides a specific mechanism for their future engagement in accordance with the Fund's environmental and social safeguards and stakeholder consultation guidelines. The proposal places decision-making responsibility with in-country institutions and uses domestic systems to ensure accountability
Efficiency and effectiveness	Economic and, if appropriate, financial soundness of the programme/project	Cost-effectiveness and efficiency regarding financial and non-financial aspects	Financial adequacy and appropriateness of concessionality	Proposed financial structure (funding amount, financial instrument, tenor and term) is adequate and reasonable in order to achieve the proposal's objectives, including addressing existing bottlenecks and/or barriers Demonstration that the proposed financial structure provides the least concessionality needed to make the proposal viable

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Criterion	Definition	Coverage area	Activity-specific sub-criteria	Indicative assessment factors (including indicators) <sup>1</sup>
			Cost-effectiveness (mitigation only)	Demonstration that the Fund's support for the programme/project will not crowd out private and other public investment Estimated cost per t CO <sub>2</sub> eq (PMF-M Core 2) as defined as total investment cost/expected lifetime emission reductions, and relative to comparable opportunities
		Amount of co-financing	Potential to catalyse and/or leverage investment (mitigation only)	Expected volume of finance to be leveraged by the proposed project/programme and as a result of the Fund's financing, disaggregated by public and private sources (PMF-M Core 3) Co-financing ratio (total amount of co-financing divided by the Fund's investment in the project/programme) Potential to catalyse private- and public-sector investment, assessed in the context of performance on industry best practices Expected indirect/long-term low-emission investment mobilized as a result of the implementation of activity
		Programme/project financial viability and other financial indicators	Expected economic and financial internal rate of return  Financial viability in the long run	Economic and financial rate of return with and without the Fund's support (i.e. hurdle rate of return or other appropriate/relevant thresholds)  Description of financial soundness in the long term (beyond the Fund's intervention)
		Industry best practices	Application of best practices and degree of innovation	Explanations of how best available technologies and/or best practices, including those of indigenous peoples and local communities, are considered and applied If applicable, the proposal specifies the innovations or modifications/adjustments made based on industry best practices

### **\*DECISION B.07/06: Adoption of the initial investment framework of the GCF**

The Board, having reviewed document GCF/B.07/06 Investment Framework:

- (a) Adopts the initial investment framework of the Fund, as contained in Annex XIV;
- (b) Decides that the Fund's initial investment framework will reflect the Fund's theme/activity-based resource allocation system as laid out in decision B.05/05;
- (c) Requests the Investment Committee to submit the following for consideration to the eighth Board meeting, with technical support from the Secretariat and other stakeholders and taking into consideration recommendations from the Private Sector Advisory Group, before the Fund approves funding proposals:
  - (i) Definitions for activity-specific sub-criteria and a set of activity-specific indicators, taking into account the Fund's initial investment framework, the Fund's initial result areas and initial results management framework, and decisions B.05/05, B.06/07 and B.05/03 as well as subsequent decisions on additional result areas for adaptation;
  - (ii) Minimum benchmarks for each criterion, taking into account the best practices of other institutions;
  - (iii) Identification and comparison of methodologies, that enable the Secretariat to assess the relative quality and innovativeness of comparable proposals in comparable circumstances, including through a survey, for the application of the sub-criteria mentioned in paragraph (c) (i) above in the selection of proposals;
- (d) Requests the Secretariat to prepare a document for the eighth Board meeting that considers the additional support, expert advice and/or additional structures that are required to facilitate the work of the Secretariat in the assessment of proposals against the activity-specific criteria and the work of the Investment Committee;
- (e) Decides to keep under review the initial investment framework and to take action as necessary in particular with respect to the criterion on needs of the recipient countries in the investment guidelines.

#### Annex XIV: Initial investment framework

1. The Fund's initial investment framework consists of the following components:

- (a) Investment policies;
- (b) Investment strategy and portfolio targets; and
- (c) Investment guidelines.

#### **I. Investment policies**

2. The Fund's initial set of investment policies covers all grants, concessional loans and other financial instruments extended by the Fund. They are as follows:

- (a) The Fund will finance projects and programmes that demonstrate the maximum potential for a paradigm shift towards low-carbon and climate-resilient sustainable development, in accordance with the Fund's initial results management framework, its initial result areas, as laid out in decision B.05/03, and subsequent decisions on additional result areas for adaptation, and consistent with a country-driven approach;
- (b) Funding received and extended by the Fund will be accounted for in grant-equivalent terms based on a standard methodology, to be developed by the Fund based on best international practices, to provide an accurate comparison of funding amounts between financial instruments;
- (c) The Fund will provide the minimum concessional funding (i.e. a grant-equivalent subsidy element) necessary to make a project or programme viable. Concessional funding is understood as funding with below-market

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terms and conditions. Consistent with the Governing Instrument, the minimum amount of concessional funding needed can be up to and including the full cost of the project or programme;<sup>1</sup>

- (d) Financing provided by the Fund to intermediaries may be used by the latter to blend with their own financial resources in order to increase the level of concessional financing they extend to projects and programmes;
- (e) The Fund will not “crowd out” potential financing from other public and private sources; and
- (f) Only revenue-generating activities that are intrinsically sound from a financial point of view will be supported through loans by the Fund.

### II. Investment strategy and portfolio targets

3. The Fund’s investment strategy includes portfolio targets and investment guidelines. Table 1 and table 2 represent the initial decisions. The strategy will be further developed from the initial parameters and guidelines for allocation of resources as laid out in decision B.06/06 and the initial result areas as defined in decision B.05/03 and subsequent decisions on additional result areas for adaptation.

Table 1: Initial portfolio targets

Initial allocation parameters	Initial portfolio targets
Balance between mitigation and adaptation	50/50 (over time)
Adaptation allocation for vulnerable countries (including the least developed countries (LDCs), small island developing States (SIDS) and African States)	Floor of fifty per cent of adaptation allocation
Geographic balance	Reasonable and fair allocation across a broad range of countries
Engagement with the private sector	Maximize fund-wide engagement with the private sector, including through significant allocation to the PSF
Readiness and preparatory support	Sufficient support for readiness and preparatory activities associated with the above

### III. Investment guidelines

4. The Fund’s initial investment guidelines will be activity-based and will be composed of the 6 criteria and 24 coverage areas shown in table 2:

Table 2: Initial criteria for assessing programme/project proposals

Criterion	Definition	Coverage area
Impact potential	Potential of the programme/project to contribute to the achievement of the Fund’s objectives and result areas	Mitigation impact Adaptation impact
Paradigm shift potential	Degree to which the proposed activity can catalyse impact beyond a one-off project or programme investment	Potential for scaling-up and replication and its overall contribution to global low-carbon development pathways, consistent with a temperature increase of less than 2 degrees Potential for knowledge and learning Contribution to the creation of an enabling environment Contribution to the regulatory framework and policies Overall contribution to climate- resilient development pathways consistent with a country’s climate change adaptation strategies and plans
Sustainable	Wider benefits and priorities	Environmental co-benefits

<sup>1</sup> Governing Instrument, paragraph 35.

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development potential		Social co-benefits Economic co-benefits Gender-sensitive development impact
Needs of the recipient	Vulnerability and financing needs of the beneficiary country and population	Vulnerability of the country Vulnerable groups and gender aspects Economic and social development level of the country and the affected population Absence of alternative sources of financing Need for strengthening institutions and implementation capacity
Country ownership	Beneficiary country ownership of and capacity to implement a funded project or programme (policies, climate strategies and institutions)	Existence of a national climate strategy Coherence with existing policies Capacity of implementing entities, intermediaries or executing entities to deliver Engagement with civil society organizations and other relevant stakeholders
Efficiency and effectiveness	Economic and, if appropriate, financial soundness of the programme/project	Cost-effectiveness and efficiency regarding financial and non-financial aspects Amount of co-financing Programme/project financial viability and other financial indicators Industry best practices

### **\*DECISION B.05/03: Adoption of the initial results area framework and performance indicators of the Fund**

The Board:

- (a) Recalls decision B.04/04, paragraph (a), in which it noted convergence that the Fund will have a strategic focus on climate change mitigation and adaptation, and also seek to maximize sustainable development;
- (b) Recalls decision B.04/04, paragraph (b), in which it reaffirmed that country ownership will be a core principle of the business model framework of the Fund and that countries will identify their priority result areas in line with their national strategies and plans;
- (c) Notes convergence that ownership and access to Fund resources could be enhanced by inclusion of indicators capturing country-driven policies that have the potential to promote a paradigm shift towards low-emission and climate-resilient development pathways in the context of sustainable development as set out in the Governing Instrument;
- (d) Further notes convergence on key criteria that may be considered through the results management framework when measuring performance of Fund activities, where appropriate, in addition to the core performance indicators, including potential for paradigm shift towards low-emission and climate-resilient development pathways; development co-benefits; environmental co-benefits; potential for replication and scalability; cost-effectiveness; avoidance of lock-in to high-emission, low climate-resilient alternatives; and finance mobilized from non-public sources;
- (e) Adopts the initial result areas of the Fund, as contained in Annex I to this document, as initial areas of funding, in order to enable low-emission and climate-resilient development pathways;
- (f) Adopts the initial performance indicators of the Fund, as contained in Annex II to this document;

- (g) Decides that the Fund's results management framework will:
  - (i) Enable effective monitoring and evaluation of the outputs, outcomes and impacts of the Funds' investments and portfolio, and the Fund's organizational effectiveness and operational efficiency;
  - (ii) Include measurable, transparent, effective and efficient indicators and systems to support Fund's operations, including, inter alia, how the Fund addresses economic, social and environmental development co-benefits and gender sensitivity;
- (h) Further decides that the Fund, as a continuously learning institution, will maintain the flexibility to refine its results management framework, result areas and performance indicators, based on Fund experience in implementation and monitoring, and as evaluation outcomes become available, and that the lessons learned will feed back into the design, funding criteria and implementation of Fund activities, based on results;
- (i) Further decides that the Fund will assess project and programme proposals in each result area using the same impact indicators;
- (j) Further decides that national and sector-wide indicators will be used only at the discretion of the recipient country;
- (k) Further decides that in designing a logical framework for results management, the Fund will develop indicators to measure the impact of the Fund on strategic improvements at a country level;
- (l) Further decides that in designing its results management framework, the Fund will use the experience of other relevant entities, and, where appropriate, align the framework and indicators with existing best practice models;
- (m) Requests the Secretariat to develop, for consideration by the Board at its second meeting in 2014, a detailed operational results management framework of the Fund, based on the initial result areas and core performance indicators and key criteria decided upon by the Board, taking into account the methodologies set out for illustrative purposes in Annex II of document GCF/B.05/03, input from technical expert bodies and the reporting capacity of countries;
- (n) Further requests the Secretariat to develop additional result areas and indicators for adaptation activities for consideration by the Board at its first meeting in 2014.

### Annex I: Initial result areas of the Fund

- (a) Design and planning of cities to support mitigation and adaptation;
- (b) Energy efficiency of buildings and appliances;
- (c) Energy efficiency of industrial processes;
- (d) Low-emission transport;
- (e) Low-emission energy access;
- (f) Small-, medium- and large-scale low-emission power generation;
- (g) Sustainable land use management to support mitigation and adaptation;
- (h) Sustainable forest management to support mitigation and adaptation including afforestation and reduction of forest degradation;
- (i) REDD+ implementation;
- (j) Adaptation activities to reduce climate-related vulnerabilities;
- (k) Selected "flagship" activities<sup>1</sup> cutting across adaptation result areas;
- (l) Readiness and capacity building for adaptation and mitigation activities;

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<sup>1</sup> To be defined by the Board. They may include, for instance, reducing the high vulnerabilities of women and children in disasters; increasing the resilience of people in highly populated floodplains; adaptation-orientes infrastructure; effective risk spreading mechanisms, including insurance mechanisms; and encouraging the use of ecosystem-based adaptation actions.

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- (m) Scaling up of effective community-based adaptation (CBA) actions; and  
 (n) Supporting the coordination of public goods such as “knowledge hubs”.

### Annex II: Performance indicators of the initial result areas of the Fund

Indicator type	Initial result areas indicators
Project and programme outputs performance indicators Indicates the physical impact of Fund activities in terms of development and adaptation.	<b>Mitigation</b>
	(a) tCO <sub>2</sub> -eq reduced through improved governance and planning systems for sustainable cities (b) Reduced emissions from buildings and appliances (tCO <sub>2</sub> -eq/m <sup>2</sup> ) (c) Increased access to transportation with low-carbon transportation options (tCO <sub>2</sub> /passenger km) (d) Reduced emission intensity of industrial production (tCO <sub>2</sub> -eq/year) (e) Households with access to low-carbon modern technologies (Number of households served by off-grid or clearly identifiable on-grid renewable technologies) (f) Deployment of low-carbon power generation technologies (tCO <sub>2</sub> /kWh) (g) Reduced emissions from sustainable land use management (tCO <sub>2</sub> -eq/year) (h) Support to development of negative emission technologies (Number of carbon capture and storage projects, tCO <sub>2</sub> sequestered)
	<b>Adaptation</b>
	(a) Environmental effectiveness: including units of human health (disability-adjusted life years (DALYs)) and units of wealth (US\$) saved and enhanced (b) Cost-effectiveness: US\$/DALY and US\$ saved (c) Co-benefits: US\$/unit of co-benefit (d) Institutional feasibility: level of acceptance
Transformative impact of Fund activities performance indicators Trends in the adoption of technology/best practice/business models for low-emission and climate-resilient development pathways at the country and global levels. Captures the overall impact of the Fund on development pathways.	<b>Mitigation</b>
	(a) Carbon intensity of nationally determined sectors (tCO <sub>2</sub> /gross domestic product) (b) Facilitating the design of sustainable cities (tCO <sub>2</sub> /capita)
	<b>Adaptation</b>
	(a) Environmental effectiveness: including units of human health (DALYs) and units of wealth (US\$) saved and enhanced (b) Cost-effectiveness: US\$/DALY and \$ saved (c) Co-benefits: US\$/unit of co-benefit (d) Institutional feasibility: level of acceptance

## SCALING PILOT

### **DECISION B.12/18: Deferral of annual scaling review**

The Board,

Decides to defer the annual scaling review till 2017 and requests the Co-Chairs to include this matter in the Work Plan for 2017.

### **\*DECISION B.10/17: Scaling Pilot – Applying scale in the assessment of funding proposals**

The Board, having reviewed document GCF/B.10/04 Applying Scale in the Assessment of Funding Proposals, and recalling decision B.09/05:

- (a) Decides that in applying the scaling pilot, the proposal size is defined as:
- (i) Micro proposals: up to and including US\$ 10 million in total project size;
  - (ii) Small proposals: above US\$ 10 million and up to and including US\$ 50 million in total project size;
  - (iii) Medium proposals: above US\$ 50 million and up to and including US\$ 250 million in total project size; and

- (iv) Large proposals: above US\$ 250 million in total project size;
- (b) Also decides that the scaling pilot will apply to all medium and large proposals;
- (c) Further decides that in monitoring the effectiveness of the scaling pilot, mitigation proposals will only be compared with mitigation proposals and adaptation proposals will only be compared with adaptation proposals;
- (d) Decides to recognize country needs and circumstances while applying the scaling pilot, in line with decision B.09/05, paragraph (g); and
- (e) Requests the Secretariat to review the scaling pilot on an annual basis and to communicate its findings to the Investment Committee and to the Board.

### DIRECT ACCESS

#### DECISION B.18/02: Reporting on matters related to Direct Access Entities

The Board, having taken note of the document GCF/B.16/Inf.08 titled “Facilitating an increase in proposals from direct access entities”:

- (a) Takes note of the information related to support provided to direct access entities in connection with funding proposals set out in the Secretariat’s regular reporting to the Board, in particular document GCF/B.18/Inf.04 titled “Report on the activities of the Secretariat”, document GCF/B.18/07 titled “Readiness and Preparatory Support Programme: progress report”, document GCF/B.18/09 titled “Consideration of Accreditation Proposals” and document GCF/B.18/Inf.03 titled “Status of the GCF portfolio: pipeline and approved projects”;
- (b) Requests the Secretariat to include the information described in annex II in its regular reporting to the Board on the status of the GCF portfolio: pipeline and approved projects;
- (c) Also requests the Secretariat to include the information described in annex II in annual reports of the Green Climate Fund to the Conference of the Parties and any related addenda, including the addendum to the Sixth Report of the Green Climate Fund to the Conference of the Parties to be prepared and submitted to the twenty-third session of the Conference of the Parties;
- (d) Further requests the Secretariat to prepare for the Board’s consideration at its twentieth meeting a report on the analysis of the challenges, barriers, gaps and recommendations to achieve an increase in the amount of direct access proposals in the pipeline, taking into account the views of Board members and alternate Board members, national designated authorities/focal points and direct access accredited entities, and the initial review by the Secretariat of the Readiness and Preparatory Support Programme as requested in decision B.18/09;
- (e) Requests the Secretariat, with a view to increase the amount of direct access proposals in the pipeline and in accordance with decisions B.18/11 and B.18/12 regarding the structure and staffing of the Secretariat and the work programme of the Secretariat for 2018 and administrative budget, to enhance its capacity to:
  - (i) Strengthen and actively support direct access accredited entities, in consultation with national designated authorities/focal points, as appropriate, in the development of concept notes and funding proposals, consistent with the objectives, guiding principles and procedures of the GCF; and
  - (ii) Consider and provide feedback in a timely manner on concept notes and funding proposals received from direct access accredited entities or national designated authorities/focal points; and

- (f) Also requests the Secretariat to actively communicate the support available through the GCF to direct access entities and to provide relevant information on how direct access entities can access such support.

### Annex II: Information on proposals by Direct Access Entities

2. The following information shall be reported to the Board and the Conference of the Parties:
- (a) Number and funding amount of submitted concept notes, submitted and approved funding proposals, as well as the disbursement amounts of such proposals, submitted and approved Project Preparation Facility requests, as well as the disbursement amounts of such requests, received from direct access accredited entities. In cases where a concept note has been developed into, and/or where a Project Preparation Facility request has supported, a funding proposal, such indication shall be made available;
  - (b) Number and funding amounts of submitted concept notes, submitted and approved funding proposals, as well as the disbursement amounts of such proposals and submitted and approved Project Preparation Facility requests, as well as the disbursement amounts of such requests, for all accredited entities;
  - (c) Average time taken to process concept notes, process and approve funding proposals, as well as the disbursement amounts of such proposals and process and approve Project Preparation Facility requests, as well as the disbursement amounts of such requests, received from direct access accredited entities;
  - (d) Average time taken to process concept notes, process and approve funding proposals, as well as the disbursement amounts of such proposals and process and approve Project Preparation Facility requests, as well as the disbursement amounts of such requests, received from all accredited entities;
  - (e) Support to direct access accredited entities through targeted trainings and technical assistance on project preparation and management following GCF requirements;
  - (f) Support to direct access accredited entities to build capacity and promote peer-to-peer learning and south-south exchange;
  - (g) Support to direct access accredited entities in developing their Entity Work Programmes and project/programme pipelines; and
  - (h) Opportunities created for direct access entities to access support from the Readiness and Preparatory Support Programme and the Project Preparation Facility for project/programme pipeline development.

### **\*DECISION B.10/04: Approval of terms of reference for a pilot phase enhancing direct access**

The Board, having considered document GCF/B.10/05 Additional Modalities that Further Enhance Direct Access: Terms of Reference for a Pilot Phase:

- (a) Approves the terms of reference for a pilot phase enhancing direct access to the Green Climate Fund (the Fund) as contained in Annex I to this document;
- (b) Requests the Secretariat, under the guidance and oversight of the Accreditation Committee and in consultation with relevant stakeholders and the independent Technical Advisory Panel, to prepare and launch a request for proposal for countries, in accordance with Annex I hereto (Request for Proposal), through their national designated authorities or focal points and public media;
- (c) Recalls that access to Fund resources will be through accredited entities. As such, nominated entities must be accredited by the Fund, in respect of the Fund's fit-for-purpose approach, prior to the review by the Board of their pilot proposals;
- (d) Requests the Secretariat to publish the pilot proposals on the Fund's website at least 21 calendar days before the first day of the meeting at which they will be presented to the Board for approval;
- (e) Also requests the Secretariat and the independent Technical Advisory Panel to undertake the assessment of pilot proposals received in response to a request for proposal from countries in accordance with the Fund's initial proposal approval process,<sup>1</sup> and the initial

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<sup>1</sup> Decision B.07/03

investment framework and to provide recommendations on pilots to be approved with the initial aim of providing up to US\$ 200 million for at least 10 pilots, including at least four pilots to be implemented in small island developing States, the least developed countries and African States; and

- (f) Further requests the Secretariat to report back to the Board on the progress made on this request for proposal at the twelfth meeting of the Board.

### Annex I: Terms of reference for a pilot phase enhancing direct access to the Green Climate Fund

#### **I. Objective of the pilot phase**

1. The objective of the pilot phase for enhancing direct access is to allow for an effective operationalization of modalities with the potential to enhance access by sub-national, national and regional, public and private entities to the Green Climate Fund (the Fund). This will include devolved decision-making to such entities, once accredited, and stronger local multi-stakeholder engagement. The pilot phase will offer the Fund an opportunity to gain experience and additional insights through such an approach.
2. In addition, the pilot phase can also be used to draw lessons learned with regard to:
  - (a) Promoting the paradigm shift towards low-emission and climate-resilient development pathways;
  - (b) Country coordination and multi-stakeholder engagement, replication and sustainability;
  - (c) Governance standards; and
  - (d) Targeted readiness support.
3. Learning processes will be supported by a specific monitoring and evaluation plan for each pilot at the country level, where key performance indicators will be specifically designed for this purpose. A final evaluation at the country level and over all pilots will consolidate the lessons learned, allowing scalability and mainstreaming.
4. The pilot phase will be evaluated and lessons learned will lead to potential scaling up. The evaluation timing will be set for assessing mid-term outcomes (two to three years) and longer term impacts and lessons to be learned (five years or more).

#### **II. Steps of the pilot phase**

5. Enhancing direct access is necessary mainly because decision-making on the specific projects and programmes to be funded will be made at the national or subnational level<sup>2</sup> and such direct access is a means by which to increase the level of country ownership<sup>3</sup> over those projects and programmes. This implies that the screening, assessment and selection of specific pilot activities would be made at the regional, national or subnational level. At the same time, mechanisms will be set up to increase national oversight and multi-stakeholder engagement at the country level.
6. The following steps will be conducted in the pilot phase:
  - (a) A call for pilot proposals by the Secretariat;
  - (b) The selection and nomination of a prospective accredited entity (e.g. subnational, national or regional entity) through a consultative process by the national designated authority (NDA) or focal point under the direct access modality;
  - (c) If not already accredited, application by the prospective entity for accreditation. Access to Fund resources will be through accredited entities. As such, nominated entities must be accredited by the Fund prior to the submission of their pilot proposals to the Board;
  - (d) The process will follow the accreditation framework, including decisions related to fit-for-purpose and fast-tracking;
  - (e) Submission of a proposal developed by the accredited entity (or by the prospective accredited entity), in consultation with the NDA or focal point, to the Fund for approval. Unlike the traditional direct access modality, there will be no submission of individual projects or programmes to the Fund because decision-making for the funding of specific pilot activities will be devolved to the country level;
  - (f) The assessment of each individual pilot proposal received will follow the Fund's initial approval process;
  - (g) Legal arrangements between the Fund and the accredited entity for the Fund-approved pilot; and

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<sup>2</sup> United Nations Development Programme/Overseas Development Institute. 2011. Direct Access to Climate Finance: Experiences and Lessons Learned.

<sup>3</sup> Müller B, 2014. Enhancing Direct Access and Country Ownership.

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- (h) Decision-making by the entity on the specific pilot activities under the Fund-approved pilot, in consultation with the NDA or focal point, the institution fulfilling the oversight function, and various stakeholders in the multi-stakeholder engagement process.
- (i) The process will follow the accreditation framework, including decisions related to fit-for-purpose and fast-tracking;
- (j) Submission of a proposal developed by the accredited entity (or by the prospective accredited entity), in consultation with the NDA or focal point, to the Fund for approval. Unlike the traditional direct access modality, there will be no submission of individual projects or programmes to the Fund because decision-making for the funding of specific pilot activities will be devolved to the country level;
- (k) The assessment of each individual pilot proposal received will follow the Fund's initial approval process;
- (l) Legal arrangements between the Fund and the accredited entity for the Fund-approved pilot; and
- (m) Decision-making by the entity on the specific pilot activities under the Fund-approved pilot, in consultation with the NDA or focal point, the institution fulfilling the oversight function, and various stakeholders in the multi-stakeholder engagement process.

### III. Role of NDAs and focal points

- 7. The NDA or focal point will have a strong role in the pilot, in consultation with relevant national stakeholders, by:
  - (a) Communicating the country's strategic frameworks within which prospective entities will develop pilot proposals;
  - (b) Inviting and selecting subnational, national and regional entities, from the public and private sectors, to propose pilot proposals for consideration by the Fund;
  - (c) Nominating the selected entities for accreditation by the Fund; and
  - (d) Participating in the appraisal of the pilot proposals and subsequently in the monitoring and evaluation of the country pilot in accordance with the Fund's relevant guidelines.

### IV. National oversight and steering function and multi-stakeholder engagement

- 8. Countries participating in the enhancing direct access pilot phase are required to exercise oversight on the activities to ensure transparency. For this purpose, it is recommended that countries identify an existing institution that will fulfil this role.
- 9. Oversight and steering activities may include:
  - (a) A provision of regular strategic guidance regarding the country pilot(s) to the accredited entities;
  - (b) Review of reporting by the accredited entity;
  - (c) Periodic field visits; and
  - (d) Regular communication with relevant stakeholders and the Fund.
- 10. The oversight function should include the NDA or focal point and representatives of relevant stakeholders, such as government, the private sector, academia or civil society organizations, and women's organizations.
- 11. In the elaboration and implementation of the country pilot, countries are expected to consider the criteria included in the Fund's initial best-practice options for country coordination and multi-stakeholder engagement, as set out in Annex XIV to decision B.08/10 and the priorities identified in the countries' climate strategies and action plans.
- 12. Readiness funding could be provided to support the strengthening or establishment of such processes.
- 13. Prior to their implementation, details of individual projects or programmes will be made accessible to the public via the websites of the NDA or focal point, and the accredited entity.
- 14. The Secretariat will provide guidance on the set up and operations of these processes.

### V. Type of entities to be involved in implementation

- 15. NDAs or focal points can nominate an entity for the implementation of the country pilot, such as a public sector institution (development bank, national fund, etc.) or private sector entity (commercial bank, investment fund, etc.) and non-governmental organizations operating at the regional, national or subnational levels.
- 16. In order to ensure the inclusion of a wide range of stakeholders, the selected entity will work with various types of local actors, especially those addressing the needs of vulnerable communities and gender aspects, which may include public institutions, local bodies, non-governmental organizations, community-based organizations, actors from the informal sector, and private enterprises, particularly small and medium-sized enterprises (SMEs).

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17. Interested countries can include a request for readiness support in their pilot proposals, particularly to provide support in multi-stakeholder engagement and the strengthening of oversight mechanisms to enhance accountability and transparency.

### VI. Accreditation and the Fund's standards

18. Entities will have to be accredited before being able to fund activities with the Fund's resources. They will have to demonstrate compliance with the Fund's standards in the accreditation process, which includes the assessment of entities' capabilities, competencies and track records in having and undertaking financial, environmental and social risk mitigation measures. These include the basic fiduciary standards and relevant specialized fiduciary standards for project management, grant award and/or funding allocation mechanisms on-lending and/or blending (for loans, equity, and/or guarantees)<sup>4</sup> through the Fund's accreditation process, and the Fund's environmental and social safeguards<sup>5</sup> and Gender Policy.<sup>6</sup> Accredited entities will be accountable for the financial management of activities under the pilot in accordance with the Fund's policies. Compliance with the Fund's standards and safeguards will be assessed in accordance with the Fund's monitoring and accountability framework and its processes and procedures.

19. Compliance with the Fund's specialized fiduciary standards on grant award and/or funding allocation mechanisms, and on-lending and/or blending<sup>7</sup> may be required depending on the nature of the activities to be undertaken.

20. Readiness support can be provided to assist entities through the accreditation process.

### VII. Type of activities to be considered

21. The country pilots can include both adaptation and mitigation activities that will contribute to one or more of the Fund's result areas. A gender-sensitive approach in developing the activities of the pilots is recommended in accordance to the Fund's Gender Action Plan. A significant share of small-scale activities should directly support communities or SMEs through, for example, small-scale grants or extended lines of credit.

22. The entities nominated by the NDA or focal point for accreditation will work through various types of local actors in the development of potential projects and programmes, particularly local intermediaries and those addressing the needs of vulnerable communities, which may include public institutions, non-governmental organizations and private enterprises, especially SMEs.

23. Depending on the type of accreditation of the selected entity and its capacity, Fund resources may be deployed in the form of the following financial instruments in the pilot: grants, loans, equity and guarantees<sup>8</sup>

### VIII. Indicative content of proposals

24. The proposals should contain the following contents at a minimum:

- (a) Background and contact information (including the name of institution or organization proposing the activities, contact information of key person(s), etc.);
- (b) A description of the consultation and selection process facilitated by the NDA or focal point of the nominated direct access accredited entity;
- (c) A description of the proposed scope of activities, including objectives, type, sectors, size and geographic locations. The pilot's specific objectives and goals should be aligned with the Fund's results management framework;<sup>9</sup>
- (d) A description of the approval process and selection criteria for the activities, which should be consistent with the Fund's initial investment framework and proposal approval process;<sup>10</sup>
- (e) A composition of the decision-making body that will be housed and managed by the entity. The decision-making body should include civil society, the private sector and other relevant stakeholders, and should be sensitive to gender considerations;
- (f) A composition of the oversight function, which may include representatives from organizations such as those indicated in Chapter IV of these terms of reference(TOR);
- (g) A composition of those with involvement in the multi-stakeholder engagement process. Guidance provided in Chapter IV of this TOR may be referenced;

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<sup>4</sup> Annex II to decision B.07/02.

<sup>5</sup> Annex III to decision B.07/02.

<sup>6</sup> Annex XIII to decision B.09/11.

<sup>7</sup> Annex III to decision B.07/02.

<sup>8</sup> The Board, by decision B.08/12, decided that the Fund will work through accredited entities, who may deploy the resources in approved projects and programmes, by using financial instruments, focusing on grants, concessional loans, equity and guarantees.

<sup>9</sup> Document GCF/B.07/04.

<sup>10</sup> Document GCF/B.07/06.

- (h) A time frame of implementation, including start date and duration;
- (i) The funding amount to be requested, including the financial instrument (e.g. grant, loan, equity, guarantee);
- (j) Risk assessment and management, including assumptions, factors, ratings, and mitigation measures; and
- (k) Monitoring and evaluation, including logical frameworks, methods, criteria, information to be reported, frequency, responsibilities, means of verification and evaluation plans.

25. Accredited entities are encouraged in the development of their pilot proposals to adopt gender-sensitive and participatory approaches in planning, and monitoring and evaluation so as to assure that the needs of communities are appropriately addressed.

### **IX. Monitoring, evaluation and timeline of the pilot phase**

26. Each of the pilots will report to the Secretariat on the progress of the implementation on an annual basis and when specifically requested.

27. The Secretariat will report to the Board on an annual basis, detailing the progress of the pilot phase based on the reports provided by the accredited entity and NDA or focal point.<sup>11</sup> This will follow the guidance on monitoring, reporting and evaluation initially described in Section 6.2 of the Fund's results management framework.<sup>12</sup> The monitoring will also follow the initial monitoring and accountability framework for accredited entities of the Fund.<sup>13</sup>

28. Each country pilot will be reviewed by the Fund two years after its approval, and will be evaluated after five years to assess its impact, effectiveness and lessons learned on potential scalability.

29. The overall pilot phase will be evaluated after five years.

30. The monitoring, reporting and evaluation system for the overall pilot phase will be aligned with the standards of the Fund's results management framework and will be regularly reviewed for improvement once lessons from implementation are made available. This is aligned with the decisions of the fifth meeting of the Board<sup>14</sup> that recognize that the Fund is a continuously learning institution and will maintain the flexibility to refine its results management framework and indicators.

31. Target groups of projects or programmes and other relevant stakeholders, such as government, the private sector, academia or civil society, will actively participate in monitoring the pilots.

### **X. Financial volume of the pilot phase**

32. The pilot phase will initially aim to provide up to US\$ 200 million for at least 10 pilots, including at least 4 pilots to be implemented in small island developing States, the least developed countries and African States. The proposals will be selected on the basis of the Fund's initial proposal approval process, investment framework and results management framework and will be approved by the Board.

### **DECISION B.08/09: Additional modalities that further enhance Direct Access**

The Board, having considered document GCF/B.08/09 Additional Modalities that Further Enhance Direct Access, Including through Funding Entities:

- (a) Requests the Secretariat, under the guidance of the Accreditation Committee and in consultation with relevant stakeholders, to prepare terms of reference for modalities for the operationalization of a pilot phase that further enhances direct access, which will include relevant readiness support if requested by subnational, national and regional entities, for approval by the Board at its ninth meeting; these terms of reference will launch the pilot phase; and
- (b) Clarifies that the terms of reference will specify, inter alia:
  - (i) The objective of the pilot phase;
  - (ii) The type of entities to be involved;
  - (iii) The specialized fiduciary standards required;
  - (iv) The type of activities to be undertaken;

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<sup>11</sup> As indicated in decision B.08/10, Annex XIII, Chapter II.

<sup>12</sup> Document GCF/B.07/04.

<sup>13</sup> Progress report provided in document GCF/B.10/Inf.10.

<sup>14</sup> Decision B.05/03, paragraph (h).

- (v) The timeframe of the pilot phase; and
- (vi) The financial volume of the pilot phase.

### COUNTRY OWNERSHIP

#### **DECISION B.17/21: Adoption of guidelines for enhanced country ownership and country drivenness**

The Board, having considered document GCF/B.17/14 titled “Guidelines for enhanced country ownership and country drivenness”:

- (a) Adopts the guidelines for enhanced country ownership and country drivenness contained in annex XX to this document;
- (b) Requests the Secretariat, accredited entities, delivery partners and national designated authorities/focal points to follow these guidelines;
- (c) Also requests the Secretariat to assess annually the experiences gathered from the application of these guidelines and to continue to improve the guidelines based on lessons learned and observations from current best practices; and
- (d) Decides to undertake a review of the implementation of these guidelines as needed, or at least every two years.

#### Annex XX: Guidelines for enhanced country ownership and country drivenness

##### **I. Introduction**

1. In decision B.10/10, the Board recognized the importance of enhancing country ownership, country drivenness and the role that national designated authorities (NDAs)/focal points (FPs) can play in this regard. The Board also affirmed that all efforts should be undertaken to: (1) strengthen the key role of NDAs/FPs in the formulation of country programmes/project pipelines, the consideration of implementation partners, and financial planning, and enhance capacity, including through the programme and readiness support; (2) also strengthen the role of NDAs/FPs in monitoring and providing feedback regarding the impact of Fund operations within countries in terms of the degree to which the Fund’s initiatives add value to national development priorities, building institutional capacity, and promoting a paradigm shift towards low carbon and climate resilient development; and (3) promote a central and leading role of NDAs/FPs in the coordination of the Fund’s engagements within countries while highlighting the importance of the different roles between the Secretariat, Accredited Entities and NDAs/FPs in relation to country programming.

2. In this regard, the Board requested the Secretariat to prepare a proposal of guidelines, drawing upon learning experiences and best practices across NDAs/FPs, for consideration by the Board. The Fund will consider country ownership as the measure through which countries, through meaningful engagement, including consultation with relevant national, local, community-level, and private sector stakeholders, can demonstrate ownership of, and commitment to, efforts to mitigate and adapt to climate change. The Fund will continue to strengthen the [principle of country ownership] and continuously reflect it in its policies and activities.

##### **II. Guiding Principles**

3. The principle of country ownership is reflected in the Governing Instrument and various Board decisions. The Governing Instrument for the Green Climate Fund provides that “The Fund will pursue a country driven approach and promote and strengthen engagement at the country level through effective involvement of relevant institutions and stakeholders.” Decision B.04/05 reaffirms that country ownership and a country driven approach are the core principles of the Fund, and establishes the functions of the NDAs/FPs. Decisions B.07/03, annex VII and B.08/10, annex XII establish the role of the NDA or focal point in the initial approval process, including the no-objection procedure. Decisions B.08/10, Annex XIII also provides initial best-practice guidelines for the selection and establishment of national designated authorities and focal points, while Annex XIV provides initial best-practice options for country coordination and multi-stakeholder engagement, Decision GCF/B.08/11, Annex XVII also provides initial general guidelines for country programmes to enable country ownership through NDA leadership of the process. Further, Decision B.11/10 further elaborates on the role of the NDA or focal point of a country to lead an annual participatory review of the GCF portfolio in their countries with the participation of all relevant stakeholders.

4. While this document does not attempt to provide a further definition of the concept of country ownership, submissions from Board/Alternate members highlighted the following components as being important:

- (i) The need for the guidelines to remain flexible and not be too prescriptive – recognising the wide range of different country contexts;
- (ii) The need to recognise that country ownership is an ongoing and evolving process;
- (iii) The respective roles of NDAs/FPs, Accredited Entities (AEs) and the Secretariat in ensuring country ownership in the development and implementation of projects and programmes;
- (iv) The importance of NDAs/FPs having sufficient capacity and capability to adequately perform their functions, as outlined in decision B.04/05 and B.08/10 Annex XIII;
- (v) The potential for the development of country programmes to contribute to the strengthening of country ownership;
- (vi) The need for country ownership to continue throughout the project cycle, from readiness activities, and the pre-concept stage, through implementation to monitoring and evaluation of a project or programme; and
- (vii) The importance of ensuring effective engagement of and ownership by relevant national and sub-national stakeholders such as the local governments at the municipal or village-level, private sector, local communities, academia and civil society organizations, including indigenous peoples and women's organizations, throughout the project cycle, in line with the initial best-practice options for country coordination and multi-stakeholder engagement outlined in decision B.08/10 Annex XIV and decision B.10/10.

### III. Building Country Ownership through Country Programmes and Structured Dialogues

5. NDAs/FPs should play a key role in the formulation of country programmes and proposal pipelines, as well as in the consideration of implementation partners, and financial planning. The development of country programmes, identifying national priorities for investment in climate change related activities, can be a key component of ensuring country ownership. Country programmes should take into account existing plans, strategies, laws and policy frameworks at national and international level. The process of developing a country programme should take into account the country's (I)NDC, national communications, as well as NAMAs, NAPAs, NAPs and/or other adaptation planning processes where applicable, as well as regional, national, sub-national and local climate policy frameworks, ensuring GCF climate finance is consistent with national priorities. Country programmes should be developed taking into account the best practice principles for multi-stakeholder engagement<sup>1</sup>.

6. Country programmes should capture the diversity of activities and processes taking place at national level and how they support each other by:

- (a) Linking individual funding proposals to national sustainable development plans, INDCs/NDCs and other existing national strategies and plans, including NAMAs, NAPAs, NAPs and other adaptation planning processes, as appropriate;
- (b) Supporting long-term planning through the identification of financing needs, [potential for climate change investment,] and relevant implementing entities;
- (c) Acting as the framework for capacity-building at country level, consolidating all interactions in terms of Readiness, project preparation facility (PPF) and funding proposals; and
- (d) Supporting direct access and fostering collaboration between international entities and local institutions, as appropriate.

7. NDAs/FPs will play a central and leading role in coordination of the Fund's engagement within their countries while highlighting the importance of the different roles between the Secretariat, Accredited Entities, and NDAs/FPs.

Structured dialogues will follow the principles of country ownership, including alignment with national strategies, identifying the capacity of Accredited Entities, and ensuring that multi-stakeholder groups participate in and benefit from the outcomes of the dialogues. As described in the GCF's Strategic Plan, Structured Dialogues at national and regional level facilitated or supported by the Fund will be seized as opportunities to further expand on the ideas expressed in para (2) above, as well as to share lessons and experience to strengthen the pipeline development processes. Structured Dialogues offer an opportunity for the Secretariat, NDAs/FPs, relevant AEs and other stakeholders, including the private sector and civil society, to develop country programmes and determine which priorities identified by country strategies (INDCs, LEDS, NAPAs, NAMAs etc.) are the best match for GCF support. The structured dialogue will aim to help NDAs/FPs to identify the best AE and other partners to design programming that meets the investment criteria of the GCF as well as country needs. As highlighted in the GCF's Strategic Plan, AEs are encouraged to actively participate in these structured dialogues in order to prepare their future annual or multi-annual work programmes which they have been requested to submit to the Secretariat.

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<sup>1</sup> Decision B.08/10 Annex XIV

### IV. Reflecting Country Ownership in the Fund's Operational Modalities

8. The principle of country ownership will be considered in the context of all GCF operational modalities and relevant related policies including the Readiness and Preparatory Support Programme and the Project Preparation Facility, the Proposal Approval process, including the simplified approval process, as well as the Accreditation process, recognising that country ownership is a continual process. NDAs/FPs have a key role in these processes in a way which builds national and institutional capacity and facilitates engagement with relevant stakeholders.

9. Readiness and preparatory support is a key instrument for enhancing country ownership. Countries are encouraged to access the GCF's Readiness and Preparatory Support Programme for a range of activities through which country ownership can be strengthened, including the preparation of country programmes; building in-country institutional capacities including for country coordination and multi-stakeholder consultation mechanisms; developing the capacities of potential regional, national and subnational implementing entities, and intermediaries; and building the capacity of NDAs/FPs to perform their role in coordinating and overseeing GCF activity in their respective countries<sup>2</sup>.

10. When considering accreditation to the GCF, NDAs/FPs should consider the nomination of Direct Access Entities and/or partnerships with International Entities, in a manner that can cover the various needs and priorities of their countries. NDAs/FPs may also request readiness support to identify and prioritize national priorities, in coordination with Accredited Entities, and in consultation with other stakeholders. They may also request readiness support for applicant institutions, including Direct Access Entities, to address identified gaps to enable them to meet the GCF standards and to build their capacity to engage with the GCF<sup>3</sup>.

11. Once accredited, close collaboration between the Accredited Entities and the NDAs/FPs is essential. Accredited Entities must engage at the earliest possible stage with the NDAs/FPs on their identified priorities, making links to policy frameworks and plans, and engaging closely with the NDAs/FPs on how to make use of local capacities, including knowledge, expertise and institutions in the preparation and subsequent implementation of projects/programmes.

12. Successful collaboration between NDAs/FPs and Accredited Entities in developing funding proposals is key to embedding country ownership. Ideas for projects or programmes can originate with NDAs/FPs or with Accredited Entities, and may also come from other sources. When an idea originates with a NDAs/FPs, either through the development of a GCF Country Programme or through other planning, the NDA/FP may invite AEs to develop ideas into GCF concept notes and/or proposals to submit to the Secretariat for consideration. When an idea originates with an Accredited Entity (or an organisation looking to become an AE), the entity must engage as early as possible with the NDAs/FPs on the potential project or programme. This should be done at the concept note stage where appropriate (noting that concept notes are voluntarily submitted to the GCF). In all cases, the AE and the NDA/FP should work together early enough to allow sufficient time for appropriate multi-stakeholder engagement to take place, in particular with affected communities and potential beneficiaries. In providing feedback to Accredited Entities on concept notes, or on the consideration of funding proposals, the GCF Secretariat and the Accredited Entity must ensure that NDAs/FPs are kept informed on the development and progress of the concept note or funding proposal.

13. The no-objection procedure, by which funding proposals should not be submitted to the GCF without a letter confirming that the recipient country does not have an objection to the proposed project or programme, is designed to ensure consistency with national climate strategies and plans and country-driven approaches<sup>4</sup>. Although a no-objection letter is not required for the voluntary submission of a concept note, Accredited Entities, when submitting a concept note, are encouraged to include a description of how engagement with the NDA(s) and other relevant stakeholders in the country has taken place and what further engagement will be undertaken as the concept is developed into a funding proposal. NDAs/FPs should be notified by the AE when a concept note is presented for their respective country, and the Secretariat should confirm with the respective NDA/FP this notification has taken place. Stakeholder engagement and coordination at the national level, notably between line ministries, is critical for the effective preparation of funding proposals, as well as ongoing monitoring and evaluation after approval. Developing countries are urged to take into account the best-practice guidelines for the establishment of national designated authorities and focal points and the best-practice options for country coordination and multi-stakeholder engagement as set out in decision B.08/10 Annex XIII and Annex XIV. NDAs/FPs are encouraged to establish national coordination mechanisms and formal consultation processes. They can access the Readiness and Preparatory Support Programme to support this effort<sup>5</sup>.

14. A consultative process should aim to be an ongoing process through the design, implementation, monitoring and evaluation and exit stages of a project or programme, rather than a discrete activity occurring only once. This will allow the possibility of follow up, continuous update and regular assessment of progress. These consultative processes should be inclusive and seek to engage all relevant actors within the government, the private sector,

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<sup>2</sup> Decision B.05/14 and decision B.08/11

<sup>3</sup> Decision B.13/32 Annex VII

<sup>4</sup> Decision B.08/10 Annex XIII

<sup>5</sup> Decision B.08/11 (i)

academia, civil society and other relevant stakeholder groups or sectors<sup>6</sup>. Establishing such ongoing stakeholder engagement and country coordination should help to ensure the coherence of GCF funded activities with national priorities and existing strategies and plans. Where countries have existing multi-stakeholder processes, they may be used for the GCF and strengthened via the Readiness and Preparatory Support Programme.

15. Acknowledging the importance of thorough consultation processes in supporting country ownership, the GCF will develop a stakeholder engagement policy and standards as part of its Environmental and Social Management System that will foster early engagement between the Secretariat, AEs, NDAs/FPs, and other stakeholders including during the proposal design stage.

16. Country ownership of GCF activities may also be evident if countries take action to demonstrate sustained commitment to and ownership of GCF funding proposals from approval through implementation and beyond. Such actions could include but are not limited to commitments to improve enabling environments to help a proposal succeed or assurances of financial or in-kind support. Additionally, evidence of country ownership of GCF funding proposals could also include commitments to improve sustainability of actions once GCF funding is used, for example, thorough plans to train and employ local staff during project or programme implementation as compared to relying on international consultants.

### **V. Evaluating and developing Country Ownership**

17. Recognising that country ownership is an underlying principle and an ongoing process, and that country ownership may mean different things in different country contexts, quantitative measurement alone of country ownership is unlikely to provide meaningful results. The Fund should make efforts to draw lessons from how country ownership is being interpreted and implemented in different contexts, and to use such lessons to inform the development of policies and programmes, stakeholder engagement, and country programmes.

18. This could be done through engagement with NDAs/FPs, other key stakeholders in recipient countries, and with Accredited Entities. Consultation with NDAs/FPs should form an integral part of the mid-term and completion evaluations required for each approved funding proposal. The outcomes of the annual participatory review of the GCF Portfolio in the country, facilitated by the NDA/FP, could also be considered. In addition, the Structured Dialogues at national and regional level could also gather relevant feedback from NDAs/FPs and other stakeholders on their experience of country ownership. The fund could also draw lessons from how ownership is being achieved through different GCF access modalities, including the enhanced direct access pilot.

19. The Secretariat will continue to improve these guidelines based on observations from current best practices and from feedback gathered through the processes outlined above.

### **DECISION B.14/06: Consultations on Country Ownership Guidelines**

The Board, having considered document GCF/B.14/05/rev.01 titled “Country ownership guidelines”,

Requests Mr. Colin Young (Board member, Belize) and Ms. Kate Hughes (alternate Board member, United Kingdom of Great Britain and Northern Ireland), to consult with the Board intersessionally with a view to presenting revised country ownership guidelines for consideration by the Board at its fifteenth meeting.

### **DECISION B.13/33: Development of Country Ownership Guidelines**

The Board,

- (a) Decides to defer the issue of country ownership guidelines for consideration at its fourteenth meeting;
- (b) Requests the Secretariat to prepare the guidelines on country ownership based on the elements of decision B.10/10, paragraph (c), and to include appropriate elements of the strategic plan into the guidelines related to country ownership; and
- (c) Also requests the Secretariat to ensure the guidelines include guidance for the operationalization of all Board decisions related to country ownership.

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<sup>6</sup> Decision B.08/10 Annex XIV

### **\*DECISION B.10/10: Country Ownership**

The Tenth Meeting of the Board, having reviewed document GCF/B.10/Inf.07 titled Country Ownership, reaffirming that the Green Climate Fund (the Fund) will pursue a country driven approach:

- (a) Takes note of the document;
- (b) Recognizes the importance of enhancing country ownership, country drivenness and the role that national designated authorities (NDAs)/focal points (FPs) can play in this regard;
- (c) Affirms that all efforts should be undertaken to:
  - (i) Strengthen the key role of NDAs/FPs in the formulation of country programme/project pipelines, the consideration of implementation partners, and financial planning, and enhance capacity, including through the programme on readiness and preparatory support;
  - (ii) Also strengthen the role of NDAs/FPs in monitoring and providing feedback regarding the impact of Fund operations within countries in terms of the degree to which the Fund's initiatives add value to national development priorities, building institutional capacity, and promoting a paradigm shift towards low carbon and climate resilient development; and
  - (iii) Promote a central and leading role of NDAs/FPs in the coordination of the Fund's engagements within countries while highlighting the importance of the differentiation of roles between the Secretariat, accredited entities and NDAs/FPs in relation to country programming;
- (d) Requests the Secretariat to prepare a proposal of guidelines and drawing upon learning experiences and best practices across NDAs/FPs in order to address the aspects outlined in paragraph (c) above for consideration by the Board at its twelfth meeting;
- (e) Recognizes that NDAs/FPs should facilitate country coordination and engagement with representatives of relevant stakeholders such as the private sector, academia and civil society organizations and women's organizations, taking into account the best practice options adopted by the Board in decision B.08/10 and supported as needed by the Secretariat; and
- (f) Reaffirms, in accordance with decision B.08/11, the readiness and preparatory support programme as a mechanism to enhance country ownership.

### **\*DECISION B.08/10: Country ownership/readiness including no objection procedure**

The Board having considered document GCF/B.06/07 Country Ownership:

- (a) Decides that the Board will only consider funding proposals that are submitted with a formal letter of "no-objection", in accordance with the procedure approved in this decision;
- (b) Approves the initial no-objection procedure for funding proposals contained in Annex XII;
- (c) Endorses the initial best-practice guidelines for the establishment of national designated authorities and focal points as contained in Annex XIII, noting their relevance for the implementation of the programme of work on readiness and preparatory support;
- (d) Endorses the initial best-practice options for country coordination and multi-stakeholder engagement, set out in Annex XIV noting that the specific guidance on multi-stakeholder engagement in the context of the development of funding proposals will be included in the Fund's environmental and social safeguards;

- (e) Urges developing countries, as well as entities in a position to provide readiness and preparatory support, to take into account the best-practice guidelines for the establishment of national designated authorities and focal points and the best-practice options for country coordination and multi-stakeholder engagement endorsed in this decision;
- (f) Reiterates its invitation to developing countries to nominate and register with the Fund, through the Secretariat, their respective national designated authority or focal point as soon as possible and no later than March 2015; and
- (g) Requests the Secretariat to:
  - (i) Communicate the no-objection procedure to developing countries and to make it available on the Fund's website;
  - (ii) Publish on the Fund's website the list and contact details of registered national designated authorities and focal points and present to the Board an update on their nomination and registration at its next meeting; and
  - (iii) Communicate and publish the recommended best-practice guidelines for the establishment of national designated authorities and focal points, as well as the best-practice options for country coordination and multi-stakeholder engagement, for their use in accordance with this decision.

(Note: Annexes XII to XIV mentioned in Decision B.08/10 can be found in Chapter II, section on Readiness and Preparatory Support Programme, see: \*DECISION B.08/10: Country ownership/readiness including no objection procedure )

### **DECISION B.06/10: Further deliberations on Country Ownership**

The Board, having considered document GCF/B.06/07 Country Ownership:

Requests Board members/alternate members Mr. Dipak Dasgupta, Mr. Omar El-Arini, Mr. Anton Hilber and Mr. Alexander Severens to continue undertaking their deliberations on country ownership and to report back to the Board at its seventh meeting with a proposal for decision.

### **DECISION B.05/06: Country Ownership**

The Board, having reviewed document GCF/B.05/06 Business Model Framework: Countries' Transparent No-objection Procedure:

- (a) Takes note of the information presented in document GCF/B.05/06;
- (b) Provides guidance to the Interim Secretariat on the policy matters regarding country ownership under the Fund;
- (c) Requests the Interim Secretariat to revise document GCF/B.05/06 in view of the guidance provided, and present a revised version of this document for the consideration by the Board at its first meeting in 2014.

### **DECISION B.04/05: Country Ownership/National Designated Authorities**

The Board:

- (a) Reaffirmed that country ownership and a country-driven approach are core principles of the Fund;
- (b) Noted convergence on the importance of readiness and preparatory support for country ownership practices;
- (c) Further noted that countries may designate a national designated authority (NDA), in conformity with the Governing Instrument, or mandate a country focal point to interact with the Fund;

- (d) Decided to consider, at its September 2013 meeting, countries' transparent no-objection procedure;
- (e) Decided that the NDA or focal point will:
  - (i) recommend to the Board funding proposals in the context of national climate change strategies and plans, including through consultation processes;
  - (ii) facilitate the communication of nominations of entities to the Fund;
  - (iii) seek to ensure consistency of funding proposals from national, subnational, regional and international intermediaries and implementing entities with national plans and strategies;
  - (iv) implement the no-objection procedure; and
  - (v) act as the focal point for Fund communication;
- (f) Further decided that countries should have flexibility in relation to the location, structure, operation and governance of NDAs or focal points;
- (g) Requested the Secretariat to make all necessary steps to open a call to developing countries to start the processes of designating a NDA or focal point as early as possible, and preferably before June 2014;
- (h) Requested the Interim Secretariat to reflect in the document on readiness and preparatory support, to be prepared for the September 2013 Board meeting, options to enhance country ownership, including possible support to, NDAs or focal points;
- (i) Decided to consider, at its first meeting in 2014:
  - (i) Best practices for the establishment and composition of NDAs or focal points; and
  - (ii) Best-practice options for country coordination and multi-stakeholder engagement, including in the context of the development of funding proposals.

### PROPOSAL APPROVAL PROCESS

#### **\*DECISION B.22/14: Adoption of Policy on Restructuring and Cancellation of Projects/Programmes**

The Board, having considered document GCF/B.22/04 titled "Cancellation and restructuring policy":

- (a) Adopts the policy on restructuring and cancellation as set out in annex VI;
- (b) Requests the Secretariat to implement the policy and to provide a report on the implementation of the policy for the Board's consideration and further guidance no later than three years from the date of this decision;
- (c) Also requests the Secretariat to report back to the Board, as part of its regular pipeline and portfolio update, on the implementation of this policy; and
- (d) Further requests the Secretariat to inform national designated authorities and focal points of the policy on restructuring and cancellation as set out in annex VI.

#### Annex VI: Policy on restructuring and cancellation

##### **I. Introduction: Scope and application**

1. **Scope.** This policy on restructuring and cancellation (hereafter "the Policy") sets out the mechanism for decision-making in respect of an approved funding proposal in situations where there has been one or a combination of the circumstances set out below:

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- (a) Failure to fulfil the conditions to be met prior to the execution of the funded activity agreement within the time frame established by the accreditation master agreement or the Approval Decision, as appropriate;
- (b) A request for an extension of the time frame established by the accreditation master agreement or the Approval Decision (as defined below) to fulfil the conditions to be met prior to the execution of the FAA;
- (c) A request for a waiver of a condition imposed in the Approval Decision;<sup>1</sup> and
- (d) A request for a change to an approved funding proposal or restructuring of a funded activity.

2. **Country Ownership:** This Policy shall be implemented in accordance with the GCF's policies on country ownership, including the Guidelines for Enhanced Country Ownership and Country Drivenness<sup>2</sup> or any successor guidelines.

3. **Application.** The Policy applies to all funding proposals approved by the Board of the Green Climate Fund, including the funding proposals approved prior to the date of effectiveness of the Policy. This Policy **does not apply** to activities financed under the Readiness and Preparatory Support Programme and the Project Preparation Facility. This Policy does not address the GCF decision-making process in connection with breaches of legal agreements. The application of this Policy shall be without prejudice to the continued application of the relevant standards and policies of the Fund, including, without limitation, in relation to disclosure and environmental, social, gender and indigenous peoples safeguards, recognizing that where applicable, provisions that apply to "funding proposals" in such standards and policies are interpreted to apply to proposed Major Changes (as defined below) as well.

4. **Definitions.** Defined terms used in the policy have the meanings set out below, unless the context requires otherwise:

- (a) "**AE**" means accredited entity;
- (b) "**AMA**" means accreditation master agreement;
- (c) "**Approval Decision**" means a Board decision approving a funding proposal, and the relevant annexes to and documents referred to in such a decision, such as the related term sheet;
- (d) "**Board**" means the Board of the Green Climate Fund;
- (e) "**ED**" means the Executive Director of the Secretariat of the Green Climate Fund;
- (f) "**FAA**" means funded activity agreement;
- (g) "**FP**" means funding proposal;
- (h) "**Major Change**" has the meaning given to it in paragraph 16;
- (i) "**NDA/FP**" means national designated authority or focal point, as applicable;
- (j) "**Period**" means the period within which a certain action or event shall occur, as established in the AMA, the Approval Decision, or any extension decision as specified in the Policy, as applicable;
- (k) "**Restructuring**" means any modification to a funded activity after the execution of the FAA;
- (l) "**Secretariat**" means the Secretariat of the Green Climate Fund; and
- (m) "**Waiver**" means:
  - (i) a relinquishment of a condition set forth in the Approval Decision,
  - (ii) a material deviation from a condition set out in the relevant funding proposal or the term sheet, or
  - (iii) a deviation from any other condition (other than those described in paragraph (m)(ii) above) set forth in the Approval Decision.

### II. Changes prior to FAA execution

#### 2.1 Failure to fulfil conditions

5. **Consequence.** If an AE fails to fulfil a condition that is required to be fulfilled before the execution of the relevant FAA adopted in an Approval Decision within the required Period, upon the expiration of such Period the approval of the relevant FP shall no longer be valid. The Secretariat shall notify the AE, the NDA/FP and the Board and adjust the Fund's commitment authority accordingly.

#### 2.2 Extension of the Period for fulfilment of conditions

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<sup>1</sup> See decision B.17/09, annex IV.

<sup>2</sup> Decision B. 17/21, annex XX

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6. **Extension request.** An AE may request an extension of the Period to fulfil the conditions required to be met prior to the execution of the FAA. If approved, this results in an extension of the relevant deadline to enter into the FAA.
7. **Authority.** If an AE requests an extension pursuant to paragraph 6, the ED shall be entitled to approve such an extension except in circumstances where the Board has explicitly reserved the right to grant such extension in the relevant Approval Decision.
8. The duration of the extension period shall be determined by the Secretariat; provided that the duration of any extension period approved by the ED shall not be longer than the duration of the period originally established by the Board for the fulfilment of the relevant condition(s).
9. The ED may grant only one extension; any subsequent extensions, if requested by the AE, shall be considered for approval by the Board. If such a subsequent request is made, the extension approved by the ED shall be deemed extended to one day after the last day of the next occurring Board meeting.
10. If the ED does not approve the initial request for an extension, the extension request may, at the request of the AE, be submitted to the Board for consideration alongside the Secretariat's assessment, setting out the reason(s) for the decision of the ED, and the Period shall be deemed to be extended to one day after the last day of the next occurring Board meeting.
11. **Procedure for an extension:**
- (a) The AE must submit a written request to the Secretariat, and as appropriate in consultation with the NDA/FP, utilizing the relevant template, together with evidence supporting the reasons for requesting the extension, and its assessment of the potential for changes (or not) in circumstances, market conditions and/or underlying rationale for the project before the proposed deadline;
  - (b) The AE should submit the complete request no less than 30 calendar days prior to the expiry of the existing Period established for fulfilling the conditions, unless there is a clear reason for a later submission and shall inform the NDA/FP at the time of submitting such request. An AE shall not be entitled to request an extension to the ED or the Board if such request is submitted after the expiry of such Period;
  - (c) Subject to paragraph (b) above, the Secretariat will assess the complete request upon receipt and, within 10 business days:
    - (i) If within the authority of the ED, determine whether or not to grant such an extension; or
    - (ii) If within the authority of the Board, refer the request for extension to the Board.
  - (d) If the extension is approved either by the ED or by the Board, such a decision will be communicated to the AE and the NDA/FP, where possible prior to the expiry of the relevant Period for fulfilling the condition; and
  - (e) If the request for extension is rejected either by the ED or by the Board, the Secretariat shall notify the AE and the NDA/FP.
- 2.3 Changes
12. **Timing.** A change can occur after the approval of an FP by the Board but before execution of the FAA.
13. **Information requirement.** If the AE, in consultation with the NDA/FP, proposes a change that is likely to constitute:
- (a) A Major Change; or
  - (b) A change (other than a Major Change) that would otherwise require:
    - (i) The consent of GCF pursuant to the terms of the relevant accreditation master agreement, funded activity agreement or other relevant agreement to which the GCF is a party; or
    - (ii) The consent of the GCF under the AE's own policies,
- the AE shall be required to notify the Secretariat in writing of the relevant change, and such notification shall include written evidence of the consultation with the NDA/FP.
14. If the proposed change falls within, or may fall within, paragraph 13 above, the Secretariat shall request the AE to provide a restructuring paper, in a form and substance satisfactory to GCF, and supporting documentation describing the rationale of the proposed change and the analysis of associated benefits and risks to the implementation of the FP as approved.
15. **Determination.** The Secretariat will in consultation with the AE assess the restructuring proposal and determine whether the change falls within paragraph 13 above. The Secretariat will determine within 14 calendar days, or such longer period as maybe required to gather additional information and engage with the AE and other stakeholders as appropriate, whether the proposed change fulfils the requirements to be considered a Major Change within the scope of this Policy, as set out below.

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16. Without limiting the relevant provisions in the relevant legal agreements, a change will be deemed to be a Major Change if any of the following are proposed:
- (a) Any changes that would render the project/programme inconsistent with the GCF mandate and business model;
  - (b) A change in the scope of the project/programme which would result in a material and adverse deviation from the intended objectives or outcomes that the AE seeks to achieve from the implementation of the relevant project/programme, in particular its climate and/or environmental outcomes as set out in the funding proposal or FAA;
  - (c) The assignment or transfer of all or a material part of its responsibilities to another AE;
  - (d) A change of an executing entity that would have a material effect on the implementation of the project/programme;
  - (e) Any change that would have a material and adverse impact on the ability of the executing entity to operate the relevant project/programme, including a material and adverse change in the legal status of an executing entity which has a material and adverse impact on the implementation of the project/programme;
  - (f) Any change to the pricing of the GCF proceeds for the project/programme that deviates from the Board-approved parameters;
  - (g) Any material and adverse change in the pricing and financial structure of the project/programme;
  - (h) Any change in a project/programme that results in a change in the environmental and social safeguards category from a lower to a higher category, or changes within a category that would trigger additional safeguards standards to be applied or require additional due diligence;
  - (i) A delay in the completion of the project/programme or its major components that materially and adversely affect the achievement of the intended outcomes;
  - (j) Other changes such as may be expressly set out as a Major Change in the Approval Decision; and
  - (k) Any other event or proposed modification that constitutes a 'major change' in the relevant legal agreements.
17. The determination of whether a change shall be deemed to be a Major Change shall be made by the Secretariat, taking into account the relevant circumstances and the nature of the project/programme.
18. If the proposed change is determined by the Secretariat not to be a Major Change, the ED shall have the authority to approve such change and the Secretariat will then require the AE to undertake appropriate actions.
19. **Procedure for approval of Major Change.** Upon determination by the Secretariat of a change as a Major Change:
- (a) The AE shall consult with the NDA/FP and seek written confirmation from the NDA/FP whether the restructuring proposal affects the status of the funding proposal no-objection letter;
  - (b) If the NDA/FP confirms that the restructuring proposal affects the status of the funding proposal no-objection letter, the AE shall seek a new no-objection letter from the NDA/FP in respect of the restructuring proposal and submit a copy of the new no-objection letter to the Secretariat;
  - (c) If the NDA/FP confirms that the restructuring proposal does not affect the status of the funding proposal no-objection letter, the AE shall submit a copy of such confirmation to the Secretariat;
  - (d) If the NDA/FP does not confirm whether the restructuring proposal affects the status of the funding proposal no-objection letter within 30 calendar days of the date on which the AE presented the restructuring proposal to the NDA/FP, the NDA/FP shall be deemed to have confirmed that the restructuring proposal does not affect the status of the funding proposal no-objection letter (unless, prior to the end of such 30 day period, the NDA/FP has informed the AE of the need for additional time, in which case such period shall be extended by up to an additional 30 calendar days), and the AE shall confirm the same to the Secretariat in writing; and
  - (e) Following receipt of a new no-objection letter or a confirmation pursuant to paragraph 19(b), (c) or (d), the Secretariat shall within 30 calendar days prepare a Board document, annexing the restructuring proposal that may include any updates of the environmental and social due diligence pursuant to the GCF Environmental and Social Policy, the new no-objection letter or relevant confirmation, together with its assessment and recommendation for the Board's action either through a decision taken at the next Board meeting, or through a decision between meetings in accordance with the Rules of Procedure of the Board.
20. **Approval of Major Change.** If the Board approves the Major Change, the FAA will reflect the changes as approved by the Board and, the Secretariat will inform the NDA/FP.
21. **Non-approval of Major Change.** If the Board does not approve a Major Change, the AE will either:
- (a) Proceed on the basis of the existing Approval Decision; or

(b) Withdraw the FP, after informing the NDA/FP.

22. **Cancellation.** Should the AE not undertake either of the actions set out in paragraph 21 within 120 calendar days following the date of notification to the AE by the Secretariat on the outcome of the Board deliberation, the project or programme will be cancelled as a consequence of the Board's decision not to approve the Major Change. The Secretariat shall notify the AE, the NDA/FP and the Board and adjust the Fund's commitment authority accordingly.

2.4 Waiver of conditions

23. **Waiver request.** An AE, in consultation with the NDA/FP, may request a Waiver.

24. **Authority.** If an AE requests a Waiver, such Waiver shall require Board approval except in circumstances where such waiver authority has been delegated to the ED.

25. If the ED declines to approve a Waiver referred to in paragraph 24, the request for a Waiver may, at the request of the AE, be submitted to the Board for its consideration alongside the Secretariat's assessment, setting out the reason(s) for the decision of the ED.

26. **Procedure for a Waiver.** Paragraph 11 shall apply *mutatis mutandis* in respect of requests for Waivers, provided also that the AE submits written evidence of its consultation with the NDA/FP.

### III. Restructuring after FAA execution

3.1 Waiver and extension of Board-approved conditions

27. **Documentation.** All Board-approved conditions that are required to be fulfilled after the execution of the FAA will be reflected in the relevant signed FAA.

28. **Alignment.** Section II, 2.2 (Extension of the Period for fulfilment of conditions) and 2.4 (Waiver of board-approved conditions or covenants), shall apply *mutatis mutandis* to any requests by the AE for an extension of time to fulfil an obligation set out in the FAA or a Waiver of a provision in the FAA.

3.2 Restructuring

29. **Timing.** A Restructuring can occur after the execution of the FAA.

30. **Treatment.** If the AE, in consultation with the NDA/FP, proposes a Restructuring, paragraphs 13-19 of Section II, 2.3 (Changes) shall apply *mutatis mutandis*.

31. **Approval of Restructuring.** If the proposed Restructuring is approved by the ED or the Board, as appropriate, the Secretariat will take the necessary measures to enter into appropriate legal arrangements with the AE to give effect to such approval.

32. **Non-approval of Restructuring.** If the proposed Restructuring is not approved by the ED or the Board, as appropriate, the Secretariat will take the necessary measures under the relevant legal agreement with the AE.

33. The Secretariat shall promptly inform the relevant NDA/FP of an approval or non-approval of a Restructuring.

### IV. Reporting, effective date, and review

34. **Reporting.** The Secretariat will report to the Board as part of the post-approval update on any actions taken in respect of a Waiver, change, Restructuring or extension as well as any cancellations that occur under the Policy.

35. **Effective date.** The Policy is effective from the date of the Board decision adopting the Policy.

36. **Review:** The Board shall review the implementation of this Policy after 3 years of implementation.

### \*DECISION B.19/06: Preparation of an integrated approach for addressing policy gaps

The Board, having noted documents GCF/B.19/34 titled "Incremental cost methodology: potential approaches for the Green Climate Fund" and GCF/B.19/12/Rev.01 titled "Concessionality: potential approaches for further guidance":

- (a) Notes the linkages between matters related to incremental costs and concessionality and the policy gaps identified in decision B.11/11, including project eligibility criteria, as well as issues related to co-finance and other matters considered at subsequent Board meetings;
- (b) Also notes the linkages between such policy gaps and the GCF Results Management Framework, initial Investment Framework, country programmes and entity work programmes, and the Risk Management Framework;

- (c) Further notes that addressing these policy gaps requires an integrated approach that considers their interlinkages;
- (d) Requests the Secretariat to develop an integrated approach to resolve these interrelated issues for the Board's consideration at its twentieth meeting, including:
  - (i) Steps to enhance the climate rationale of GCF-supported activities; and
  - (ii) Policies on the review of the financial terms and conditions of GCF instruments and concessionality, incremental costs, full costs, and co-financing;
- (e) Agrees that the approach outlined in paragraph (d) above should:
  - (i) Take into account the views expressed by Board members during the nineteenth meeting of the Board and any further written comments that may be submitted before 30 March 2018;
  - (ii) Be aligned with the Governing Instrument for the GCF and GCF strategic frameworks, including the initial Strategic Plan, the Results Management Framework, the initial Investment Framework, country programmes and entity work programmes, and the Risk Management Framework;
  - (iii) Be aligned with the Board work plan and the Secretariat work programme;
  - (iv) Propose an approach to address gaps in the Results Management Framework that is necessary to effectively implement these policies; and
  - (v) Take note of innovative and useful experiences of other institutions and an analysis of the GCF portfolio; and
- (f) Requests the Secretariat to include in the approach outlined in paragraph (d) above a capacity-building strategy to support national designated authorities/focal points, and accredited entities, particularly direct access entities, to incorporate these policies into their interactions with GCF, particularly with respect to the proposal approval process and the simplified approval process.

### **DECISION B.17/10: Establishing strategic programming priorities**

The Board, having considered the document GCF/B.17/19 titled "Strengthening and scaling up the GCF pipeline: establishing strategic programming priorities":

- (a) Reaffirms the elements of funding proposal eligibility criteria embedded in previous decisions, including those related to the results management framework, the investment framework, country ownership, and engagement with nationally designated authorities, focal points and accredited entities;
- (b) Requests the Secretariat, under the guidance of Co-Chairs, to develop a mapping document that identifies all elements related to project and programme eligibility and selection criteria included in previous decisions, conditions imposed by the Board on funding proposals, and the Governing Instrument for the GCF that can contribute to strengthening the eligibility criteria of the GCF, and present this for the Board's consideration at its eighteenth meeting as part of the ongoing process to simplify and clarify project and programme eligibility and selection criteria and update the policies and procedures of the GCF;
- (c) Also requests the Secretariat, under the guidance of the Co-Chairs, to develop a proposal for the Board's consideration at its nineteenth meeting, taking into account best practices from other multilateral funds and other approaches, to address the following:
  - (i) The development and application of an incremental cost calculation methodology and/or alternative methodologies, as appropriate;

- (ii) Guidance on the approach and scope for providing support to adaptation activities;
- (iii) A policy on co-financing; and
- (iv) Options for further guidance on concessionality, building on related work; and
- (d) Reaffirms the importance of the following ongoing work of the Board that will contribute to providing policy guidance in the development of funding proposals:
  - (i) Reviews of the financial terms and conditions of GCF financial instruments;
  - (ii) Indicative minimum benchmarks; and
  - (iii) Risk management framework.

### **\*DECISION B.17/09: Review of the initial proposal approval process**

The Board, having considered document GCF/B.17/18 titled “Review of the initial proposal approval process”:

- (a) Takes note of the update from the Investment Committee on progress related to Board-mandated work on indicative minimum benchmarks, financial terms and conditions, and the performance review of the independent Technical Advisory Panel;
- (b) Also takes note of the review of the initial proposal approval process undertaken pursuant to decision B.11/11, paragraph (j);
- (c) Endorses the immediate actions that the Secretariat will implement in order to improve the effectiveness, transparency and country ownership of the initial proposal approval process, as contained in annex III;
- (d) Requests the Secretariat to only submit to the Board those funding proposals:
  - (i) Submitted to the Secretariat by entities accredited by the Board that have signed accreditation master agreements;
  - (ii) Submitted to the Secretariat by entities accredited by the Board that have not signed accreditation master agreements, provided that such submission to the Secretariat occurs no later than 120 days from the date of the decision by the Board to accredit the relevant entity;
  - (iii) Submitted to the Secretariat in response to requests for proposals issued by the GCF; or
  - (iv) From those entities who have not yet signed the accreditation master agreement that have proposals currently at stage 4 of the updated project and programme activity cycle;
- (e) Underscores the importance of early engagement by accredited entities with national designated authorities and focal points in the preparation and submission of concept notes;
- (f) Agrees, in the context of decision B.11/11, paragraph (p), to insert the following new stage into the project and proposal activity cycle:

“On receipt of a concept note submission from an accredited entity, the Secretariat will seek confirmation from the national designated authority or focal point that the concept note fits under national priorities and country ownership”;
- (g) Requests the Secretariat to prepare a document, for the Board’s consideration at its nineteenth meeting, which outlines options for the development of a two-stage proposal approval process, with stage 1 focusing on concept note approval and stage 2 focusing on the assessments by the Secretariat and the independent Technical Advisory Panel and Board consideration;

- (h) Also requests the Secretariat to present to the Board implementation challenges identified in the application of the initial proposal approval process, including policy matters identified during the Secretariat's assessment of funding proposals, for the Board's consideration at the earliest opportunity, including information on budgetary considerations;
- (i) Decides that the Secretariat shall only submit to the Board for its consideration those funding proposals (stage 5 of the updated project and programme activity cycle) whose approval has been recommended by the independent Technical Advisory Panel and the Secretariat;
- (j) Confirms that proposals not recommended by the independent Technical Advisory Panel and the Secretariat, as outlined in paragraph (i) above, will continue to be revised by the Secretariat and accredited entities at stage 5 of the updated project and programme activity cycle;
- (k) Requests the Secretariat to inform the Board at each Board meeting on the status of funding proposals that either the Secretariat or the independent Technical Advisory Panel do not recommend for approval and do not submit to the Board;
- (l) Also requests the Secretariat to develop and publish clear timelines for its assessment of funding proposals to ensure timely consideration of funding proposals by the Secretariat, the independent Technical Advisory Panel and the Board;
- (m) Further requests the Co-Chairs, in consultation with the Board, to explore options for the timely consideration of funding proposals between Board meetings;
- (n) Decides to update the project and programme activity cycle as contained in annex IV;
- (o) Requests the Secretariat to define the nature, scope and extent of second-level due diligence and submit the same to the Board for its consideration no later than April 2018; and
- (p) Also requests the Secretariat to develop an interim restructuring and cancellation policy, including further options for decision-making, for consideration by the Board no later than its eighteenth session, and a comprehensive restructuring and cancellation policy no later than April 2018.

### Annex III: Immediate actions that the Secretariat will implement

#### **I. Origination**

- (a) Improve origination of funding proposals by supporting national designated authorities (NDAs)/focal points (FPs) in accelerating the development of strategic country programmes;
- (b) Encourage funding proposals and concept notes to be developed directly from country and entity work programmes, and concept notes will include a clear rationale on the concept of paradigm shift;
- (c) Derive strategic programming from the country and accredited entity (AE) work programmes and requests for proposal (RFP);
- (d) Encourage and support NDAs to solicit AEs to support country programmes and the preparation of the pipeline based on the principle of country ownership;
- (e) Continue to implement the no-objection procedure by NDAs on Project Preparation Facility proposals before Secretariat consideration;
- (f) Inform NDAs or FP of concept note (CN) submissions to the Secretariat and, where requested by the NDA/FP, inform on the feedback provided to the AE;
- (g) Improve and simplify the CN templates. Template to include a word- and length-limit as technology development allows; and
- (h) Require country programmes, concept notes and funding proposals to satisfactorily cover gender issues, stakeholder engagement and, where relevant, indigenous people issues.

#### **II. Review**

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- (a) Develop an online CN and FP submission portal;
- (b) Consult with the Board on policy related issues raised in concept notes as necessary;
- (c) As part of the ongoing independent Technical Advisory Panel (TAP) review, explore increased TAP and AE interactions;
- (d) Expedite timing, processing, transparency and guidance of concept notes and funding proposals;
- (e) Increase transparency by publishing concept notes and the status of funding proposals as per the confidentiality assessment of the AEs and in accordance with the Information disclosure policy;
- (f) Publish the Secretariat's assessment of funding proposals sent to the Board;
- (g) The Secretariat will check the feasibility of proposed conditions with the accredited entity during the project review; and
- (h) Improve data management and analytics, for example the AE submission portal and NDA portal. Provide updated note on proactive pipeline management and related knowledge management by the eighteenth meeting of the Board (B.18).

### **III. Post approval**

- (a) Take note of the budget implications of the implementation of conditions;
- (b) Provide an update on the status of the fulfillment of conditions attached to approved funding proposals; and
- (c) Provide status update on Board approved funding proposals without a signed accreditation master agreement.

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### Annex IV: Updated project and programme cycle

**Table: Updated project and programme activity cycle**

KEY STAGES AND INDIVIDUAL STEPS		ACTOR(S)	RESPONSIBILITY AND TASK
<b>I. Country, regional and/or accredited entity programmes</b>			
1.1	Submission and compilation of country programmes	National designated authority (NDA) or focal point (FP) Secretariat	<ol style="list-style-type: none"> <li>1. Submit country programme, including a national adaptation plan or voluntary adaptation plan and appropriate elements of countries' nationally determined contributions, to the Secretariat.</li> <li>2. NDAs may request support from the Readiness and Preparatory Support Programme under the readiness activity areas outlined in decision B.13/32.</li> <li>3. NDA/FP may inform the Secretariat of preferred AEs that will implement programmes and projects under the country programme.</li> <li>4. The Secretariat will compile country programmes and submit this to the Board for its information.</li> </ol>
1.2	Submission and compilation of accredited entity work programme	Accredited entity (AE) Secretariat	<ol style="list-style-type: none"> <li>1. AEs will submit annual and/or multi-annual work programmes to the Secretariat</li> <li>2. AEs will develop annual and/or multi-annual programmes in consultation with NDAs/FPs</li> <li>3. The Secretariat will compile AE work programmes to be submitted to the Board for information and discussion.</li> </ol>
1.3	Structured dialogues	Secretariat, NDAs/FPs and AEs	In accordance with the strategic plan, the Secretariat will host an annual strategic dialogue at the regional level in each region.
<b>II. Generation of programme or project funding proposals</b>			
2.1	Strategic approaches	NDA, Secretariat and AEs	<ol style="list-style-type: none"> <li>1. Based on the country and AE work programmes, countries will identify priorities, analyse financial needs and gaps and identify partners to design and implement funding proposals.</li> <li>2. The Secretariat would provide support to NDAs/FPs and direct access entities to conduct the process for pipeline origination through strategic approaches.</li> </ol>
2.2	Requests for proposals	Board, Secretariat	The Board may periodically approve requests for proposals to guide the development of the GCF portfolio in specific areas in accordance with the initial strategic plan.
2.3	Regular call for funding proposals	Secretariat	<ol style="list-style-type: none"> <li>1. The Secretariat will publish regular calls for funding proposals on the GCF website, as directed by the Board.</li> <li>2. NDAs/FPs and AEs may submit funding proposals to the Secretariat in response to requests for proposals, as well as funding proposals included in country and AE work programmes, which would be subject to the proposal approval process.</li> </ol>
<b>III. Concept note (Voluntary)</b>			
3.1	Concept note submission	AE, NDA/FP	<ol style="list-style-type: none"> <li>1. The NDAs/FPs and/or AEs submit the concept note to the Secretariat.</li> <li>2. In accordance with the country ownership guidelines and relevant decisions, AEs are encouraged to engage NDAs/FPs prior to the submission of concept notes.</li> <li>3. The Secretariat acknowledges the submission of the concept note, and updates the concept note pipeline accordingly.</li> </ol>
3.2	Concept note confirmation	AE, NDA/FP	On receipt of a concept note submission from an accredited entity, the Secretariat will seek confirmation from the national designated authority or focal point that the concept note fits under national priorities and country ownership.
3.3	Concept note pipeline	Secretariat	The Secretariat will present an updated concept note pipeline prior to each Board meeting.

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3.4	Feedback and recommendations on the concept note	Secretariat, NDA/FP, AE	In consultation with the NDA/FP, the Secretariat will provide feedback and recommendations to the AE, and advises if the concept is endorsed, not endorsed with possibility of resubmission or rejected.
3.5	Project preparation and development support	AE, Secretariat	<ol style="list-style-type: none"> <li>1. The Project Preparation Facility (PPF) will support project and programme preparation requests from all accredited entities, especially direct access entities, for projects in the micro to small size category.</li> <li>2. The NDA/FP will submit the no-objection letter related to the PPF request through the Accredited Entity.</li> <li>3. AEs submit proposals based on the PPF application template.</li> <li>4. The Secretariat will report to the Board at each meeting on the pipeline of PPF requests received, approved and under implementation.</li> <li>5. The Secretariat will report on the progression of concept notes receiving PPF support to funding proposals submitted and approved by the Board.</li> <li>6. Funding proposals developed with PPF resources should be submitted to the Board within two years of PPF approval unless sufficient justification for an extension is provided.</li> </ol>
<b>IV. Funding proposals</b>			
4.1	Full proposal pipeline	Secretariat	The Secretariat will update the information on the GCF portfolio prior to each Board meeting and publish it on the GCF website.
4.2	No-objection letter	NDA/FP	The NDA or FP will provide a no-objection letter, in line with the GCF transparent no-objection procedure in accordance with decision B.08/10.
4.3	Funding proposal submission to the Secretariat	AE, Secretariat	<ol style="list-style-type: none"> <li>1. The full funding proposal submitted to the Secretariat.</li> <li>2. The Secretariat acknowledges the submission of the documentation.</li> <li>3. The Secretariat reviews the funding proposals for completeness of documentation.</li> </ol>
4.4	Information disclosure	AE, Secretariat	In accordance with the comprehensive information disclosure policy of the GCF as in force.
<b>V. Secretariat analysis and independent technical assessment and recommendations to the Board</b>			
5.1	Analysis and recommendation to the Board	Secretariat	<ol style="list-style-type: none"> <li>1. The Secretariat will carry out necessary and appropriate second-level due diligence.</li> <li>2. The Secretariat will assess compliance with the GCF interim environmental and social safeguards, Gender policy, financial policies and any other policies promulgated by the Board, in addition to the performance of the project or programme against activity-specific criteria.</li> </ol>
5.2	Independent assessment	TAP, AEs	<ol style="list-style-type: none"> <li>1. The independent Technical Advisory Panel (TAP) will conduct technical assessment of the performance of the project or programme against activity-specific criteria, as defined in the initial investment framework (decision B.09/05).</li> <li>2. The TAP will present the outcome of its technical assessment and its recommendations on each funding proposal.</li> <li>3. The Secretariat facilitates the response from AEs to the assessment and recommendations from the TAP.</li> <li>4. The TAP assessment and the AEs responses will be published on the GCF website.</li> </ol>
5.3	Submission of documentation to the Board	Secretariat	<ol style="list-style-type: none"> <li>1. The Secretariat will only submit to the Board for its consideration those funding proposals whose approval has been recommended by the independent Technical Advisory Panel and the Secretariat.</li> <li>2. The Secretariat will submit the following documentation to the Board: <ol style="list-style-type: none"> <li>(i) The final funding proposal as submitted by the AE</li> <li>(ii) The Secretariat's assessment of compliance with safeguards and policies and performance of the project or</li> </ol> </li> </ol>

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			<p>programme against activity-specific criteria. Proposals that best achieve GCF objectives will be selected based on selection process methodologies to be approved by the Board</p> <p>(iii) A summary of the second-level due diligence carried out by the Secretariat</p> <p>(iv) A cover note containing: the funding recommendation by the Secretariat; and a summary of the proposal and the underlying assessments with respect to the activity-specific criteria</p> <p>(v) The assessment of the TAP and responses from AEs (standard practice since the fourteenth meeting of the Board).</p>
<b>VI. Board decision</b>			
6.1	Board decision	Board	<p>1. The Board takes a decision to:</p> <p>(i) Approve the funding proposal; or</p> <p>(ii) Provide an approval that is conditional on modifications to project or programme design or subject to availability of funding; or</p> <p>(iii) Reject the funding proposal.</p>
6.2	Post approval follow-up	Secretariat	<p>1. The Secretariat will inform the AE and the NDA/FP of the Board's decision and the next steps in relation to the approval conditions.</p> <p>2. The decision is recorded by the Secretariat and communicated to the Interim Trustee.</p> <p>3. In the case of rejection, the Secretariat will inform the NDA/FP (decision B.04/04) that, in accordance with decisions B.06/09 and B.13/24, they may request reconsideration of the funding decision via the independent Redress Mechanism.</p>
6.3	Implementation of Board conditions	Secretariat	The Secretariat will report to the Board at each meeting on the status of implementation of the approval conditions, and identify any matters that require further Board action.
<b>VII. Legal arrangements for approved proposals</b>			
7.1	Funded activity agreement	Secretariat with AE	<p>1. The Secretariat will work with AEs to conclude any necessary legal arrangements between the GCF and the AE.</p> <p>2. Legal agreements are signed by the Executive Director and the AE.</p> <p>3. The Interim Trustee is notified.</p> <p>4. The NDA/FP is informed of the outcome of the funded activity agreement.</p>
7.2	Letter of commitment	Interim Trustee	The Interim Trustee provides a letter of commitment, subject to the availability of funding.
7.3	Funding proposal conditions	Secretariat, AE, Board	The Secretariat will assess the conditions attached to funding proposals and, in the event any such condition is considered by the Secretariat to be inconsistent with GCF policies, the Secretariat will make a recommendation to the Board for further guidance and pending such guidance, the relevant condition shall be deemed not to apply (decision B.16/02).

**DECISION B.12/23: Request to review of the initial proposal approval process**

The Board,

- (a) Requests the Secretariat to review the initial proposal approval process taking into account the views expressed at the twelfth meeting of the Board, and to present, for consideration by the Board at its fifteenth meeting, the outcome and recommendations from the review; and
- (b) Invites submissions, no later than 10 April 2016, from Board and alternate Board members, observers, accredited entities, national designated authorities/focal points, and delivery partners, in relation to the review and in accordance with decision B.11/11, paragraph (j), as well as paragraphs (c) and (d).

**\*DECISION B.11/11 (a) to (p): Matters related to the proposal approval process**

The Board, having considered document GCF/B.11/04 titled “Consideration of funding proposals” and its related addenda, as well as matters related to the proposal approval process:

- (a) Recognizes that the Green Climate Fund (GCF) has agreed an initial framework of policies and procedures related to the proposal submission and approval processes;
- (b) Notes that the GCF is a continuously learning institution and will draw on the lessons from this first round of proposal consideration in order to improve the process in future iterations;
- (c) Acknowledges existing policy gaps in the GCF approval process, including project eligibility criteria, calculation of incremental costs, and risk investment criteria;
- (d) Notes common areas in which projects could provide a better demonstration of how they meet existing GCF policies taking into account the gaps in paragraph (c) above at the eleventh meeting of the Board, including but not limited to:
  - (i) The linkage between climate actions and how they enable economic development to proceed in a sustainable manner;
  - (ii) How the project/programme incorporates potential innovation;
  - (iii) How benefits will be sustained once GCF financing ends;
  - (iv) Monitoring and evaluation, including how lessons can be disseminated to inform and possibly promote replication in other regions/countries;
  - (v) How benefits for women and girls will be delivered;
  - (vi) How fiduciary weaknesses in project countries will be addressed;
  - (vii) Country ownership and effective stakeholder engagement; and
  - (viii) Additionality of the funding;
- (e) Also notes convergence on the need within the approval process to enhance transparency, clarity, accessibility, balance, knowledge management and country ownership, including by actively seeking the participation of national designated authorities, focal points and relevant stakeholders in the early stages of the project cycle and beyond the provision of the no-objection letter;
- (f) Further notes convergence on the need to ensure that matters related to enhancing transparency and scaling up of the GCF pipeline are captured in the preparation of the strategic plan for the GCF and related decisions on country programming, and readiness and preparatory support, with the objective of ensuring sufficient country ownership and enhancing the participation of direct access entities;

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- (g) Requests the Secretariat to provide an update of the pipeline portfolio and to submit it for information to the Board as part of the documentation submitted for every Board meeting;
  - (h) Further requests the Secretariat to include the assessment of the independent Technical Advisory Panel (TAP) of each funding proposal as part of the documentation published on the GCF website for funding proposals;
  - (i) Agrees to include in the consideration of the 2016 work plan matters related to outstanding decisions regarding the proposal approval process and the project and programme activity cycle. This would include consideration of matters related to the implementation of decision B.07/03 and Annex VII thereto and paragraph 53 of the Governing Instrument for the GCF with regard to the simplified process for the approval of proposals for certain activities, in particular for small-scale activities;
  - (j) Decides to review the proposal approval process approved by the Board in decision B.07/03 and Annex VII to document GCF/B.07/11 based on the experience gathered from the review of the first batch of proposals submitted for consideration of the Board, with a view to:
    - (i) Strengthening and scaling up the GCF pipeline, including the country programme pipeline;
    - (ii) Streamlining and improving the transparency of the proposal approval process;
    - (iii) Defining further decision-making options, including deferral of proposal approvals;
    - (iv) Reviewing how concept notes should work within the project cycle, facilitating the feedback of the TAP on concept notes and facilitating contact of the TAP with accredited entities as useful and necessary;
    - (v) Supporting the Board to make decisions regarding funding proposals;
    - (vi) Strengthening project/programme eligibility criteria, including categories of incremental cost eligible for funding; and
    - (vii) Developing interim procedures for redress pending the recruitment of the head of the independent redress mechanism;
- The review will include, but is not limited to, the policy gaps listed in paragraph (c) above and other common areas as contained in paragraph (d) above;
- (k) Requests the Secretariat to undertake this review overseen by the ad hoc group of Board members as set out in decision B.11/03, to discuss at the informal meeting of the Board and subsequently deliver a progress report at the twelfth meeting of the Board and a final report at the thirteenth meeting;
  - (l) Also decides to establish a project preparation facility to provide funding of up to 10 per cent of requested GCF funding with a maximum of USD 1.5 million for any single proposal. The process would involve concept notes providing due justification of need from accredited entities. After an appropriate review and an initial assessment against the investment criteria and justification of need, the Secretariat will send its funding request for project preparation to the Board for approval. The project preparation facility would be targeted to small-scale activities and direct access entities. The Secretariat will review the project preparation facility for consideration by the Board at its fourteenth meeting;
  - (m) Aspires to approve funding proposals in 2016 to a value of USD 2.5 billion;

- (n) Requests the Accreditation Committee in the accreditation strategy to include options for streamlining modalities for fast-tracking accreditation of national implementing entities using third-party assessments as appropriate;
- (o) Also requests the Secretariat, in consultation with the TAP, national designated authorities, focal points and accredited entities to simplify the funding proposal template and concept note template in an expeditious manner;
- (p) On receipt of a concept note submission from an accredited entity, the Secretariat will seek confirmation from the national designated authority or focal point that the concept note fits under national priorities and country ownership;

(Note: Revised wording of paragraph (p) is reflected above as decided by decision B.17/9. Paragraphs (q) to (bb) of decision B.11/11 can be found under Consideration of Funding Proposals, Chapter X, see DECISION B.11/11 (q) to (bb): Consideration of funding proposals )

### **DECISION B.07/03: Adoption of the initial proposal approval process of the GCF**

The Board, having reviewed document GCF/B.07/03, Initial Proposal Approval Process, Including the Criteria for Programme and Project Funding:

- (a) Adopts the initial proposal approval process, as contained in Annex VII<sup>1</sup>;
- (b) Recognizes that the initial proposal approval process will identify programmes and projects for Board consideration that best achieve the Fund's objectives, and requests the Secretariat to develop methodologies for the selection process;
- (c) Takes note of the initial post-approval items contained in Annex VIII and requests the Secretariat to further develop them for further consideration by the Board at its ninth meeting;
- (d) Confirms that the criteria for programme and project funding are outlined in decision B.07/06 on the investment framework;
- (e) Notes convergence on the need to consider: proposal development funds; early endorsement prior to full proposal development; the initial proposal approval process for regional programmes and projects; and a policy for cancellation and termination;
- (f) Decides to establish an independent technical advisory panel composed of experts to provide an independent technical assessment of and advice on funding proposals for the Board;
- (g) Requests the Secretariat to present draft terms of reference for the independent technical advisory panel for consideration by the Board at its eighth meeting;
- (h) Further requests the Secretariat to develop an operations manual and an appraisal toolkit for the initial proposal approval process for programme and project funding;
- (i) Also requests the Secretariat in the development of the Fund's information disclosure policy to address issues related to the initial proposal approval process;
- (j) Decides to review the initial proposal approval process and to take action when it deems necessary.<sup>2</sup>

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<sup>1</sup> Annex VII referred to in decision 07/03 was updated and can be found immediately following decision 17/09 above as Annex IV. The original Annex (VII) can be found through the following link: [https://www.greenclimate.fund/documents/20182/24943/GCF\\_B.07\\_11\\_-\\_Decisions\\_of\\_the\\_Board\\_-\\_Seventh\\_Meeting\\_of\\_the\\_Board\\_18-21\\_May\\_2014.pdf/73c63432-2cb1-4210-9bdd-454b52b2846b](https://www.greenclimate.fund/documents/20182/24943/GCF_B.07_11_-_Decisions_of_the_Board_-_Seventh_Meeting_of_the_Board_18-21_May_2014.pdf/73c63432-2cb1-4210-9bdd-454b52b2846b)

<sup>2</sup> For example, the additional modalities that further enhance direct access and the recommendations of the Private Sector Advisory Group will be discussed at future Board meetings

Annex VIII: Initial post-approval items

Key stages and individual steps		Actor(s)
<b>I. Implementation period</b>		
1.1.	Transfer of funds to IE/intermediary against agreed criteria	Interim Trustee
1.2	Application of the relevant Fund's interim environmental and social safeguards	IE or intermediary
1.3	External audit report	IE or intermediary
<b>II. Commissioning/launch</b>		
2.1	Project or programme becomes effective	IE, intermediary, EE
2.2	Monitoring and evaluation of outcomes commences	IE or intermediary, Secretariat
<b>III. Impact period</b>		
3.1	Monitoring and evaluation of outcomes	IE or intermediary, Secretariat
3.2	Monitoring of financial and economic performance	IE or intermediary, Secretariat
3.3	Debt serviced according to loan agreement	Intermediary, Secretariat, Interim Trustee
3.4	Monitoring of financing covenants	IE or intermediary, Secretariat
<b>IV Close</b>		
4.1	Financial closure	IE or intermediary, Secretariat and Interim Trustee
4.2	Activity exists the Fund's portfolio	n/a

## **SIMPLIFIED PROPOSAL APPROVAL PROCESS**

### **\*DECISION B.18/06: Approval of the Simplified Approval Process (Pilot Scheme)**

The Board, having considered document GCF/B.18/17 titled "Operationalizing the simplified approval process for certain activities, in particular small-scale activities":

- (a) Approves the Simplified Approval Process Pilot Scheme (Pilot Scheme), as set out in annex X;
- (b) Decides that the Pilot Scheme shall be reviewed two years from its operationalization, or when the aggregate amount of approvals under the Pilot Scheme reaches USD 80 million of GCF financing, whichever is earlier; this review will be completed within three months from its commencement; and
- (c) Requests the Secretariat to:
  - (i) Operationalize such Pilot Scheme as expeditiously as possible and notify to the Board the date of its operationalization;
  - (ii) Develop a proposal for approving funding proposals brought forward under this Pilot Scheme between meetings of the Board in the context of the ongoing work to develop further options for decision-making; and
  - (iii) Report back to the Board upon completion of the review specified in paragraph (b) above, with recommendations based on the outcome of such review to further improve the efficiency and effectiveness of the process, and to consider expanding the type of eligible activities and increasing GCF funding.

### Annex X: Simplified Approvals Process Pilot Scheme

#### **I. Objective**

1. The objective of this pilot scheme (“Pilot Scheme”) is to apply best practices in order to reduce the time and effort needed in the preparation, review, approval and disbursement procedures for proposals of certain activities, in particular small-scale activities. The details of the Pilot Scheme are set out below. Unless otherwise specifically modified herein, all other relevant GCF policies apply as usual to the Pilot Scheme.

#### **II. Eligible projects/programmes**

2. Subject to paragraph 4 below, this Pilot Scheme applies to projects and/or programmes which satisfy the following criteria:

- (a) Projects or programmes that are ready for scaling up and have the potential for transformation, promoting a paradigm shift to low-emission and climate-resilient development;
- (b) Projects or programmes with a GCF contribution of up to USD 10 million; and
- (c) Projects or programmes whose environmental and social risks and impacts are classified as minimal to none.

3. Projects or programmes falling within paragraph 2(c) above are typically considered to have minimal or no environmental and social risks and impacts. Activities under this category are project and context specific, and will be assessed on a case-by case basis, and include, among others:

- (a) Capacity development, planning support, institutional development, advisory services, communication and outreach, household-level facilities and production within an already built-up area and with no additional footprint (basic post-harvest processing, rainwater harvesting, pico- to micro-scale renewable energy, retrofit renewable energy systems and energy efficiency and conservation, agroforestry and small-scale climate resilient agriculture);
- (b) Early warning and other monitoring systems, response planning support;
- (c) In-situ rehabilitation of existing public facilities including maintenance and upgrading where waste will not be an issue, small-scale rural and urban community projects, village-level rural water supply and drainage (including smallholder farm irrigation such as drip irrigation, shallow wells, etc.), rural energy, small-scale infrastructure (including rehabilitation, maintenance and upgrading), small-scale watershed management and rehabilitation, climate resilient agriculture, habitat restoration and rehabilitation, soil and water conservation, forest management activities and agroforestry.

4. Projects and/or programmes that include known “risk factors” that would require additional information and more detailed due diligence and consultations by the relevant entities shall not be eligible for the Pilot Scheme notwithstanding that it meets the criteria set out in paragraph 2(a) above. The “risk factors” include but are not limited to:

- Activities with potential resettlement and dispossession, land acquisition, and economic displacement issues;
- Activities that may affect indigenous peoples;
- Activities within protected areas and areas of ecological significance including critical habitats, key biodiversity areas and internationally recognized conservation sites;
- Activities that may affect cultural heritage and physical cultural properties;
- Activities with critical infrastructure (like dams, water impoundments, coastal and river bank infrastructure) that would require further technical assessment and safety studies;
- Activities that may generate waste including hazardous waste and pollutants and require further studies on management, minimization and control and compliance to country and applicable international environmental quality standards;
- Activities that may adversely affect working conditions and health and safety of workers or potentially employ vulnerable categories of workers;
- Activities that may involve trans-boundary impacts including those that would require further due diligence and notification to downstream riparian states; and
- Activities that have associated facilities and require further due diligence of such associated facilities.

#### **III. Eligible entities**

5. The GCF shall only consider projects or programmes which have been submitted by entities which have already been accredited by the Board.

6. The Secretariat shall take appropriate measures to encourage and provide support to direct access entities to submit projects or programmes under this Pilot Scheme with the aim of ensuring that submissions from such entities constitute at least 50% of all approved projects under the Pilot Scheme.

#### **IV. Project screening, review and approval**

##### **4.1 Project screening and further development**

7. The Pilot Scheme will require the submission of a Concept Note (CN). The Concept Note shall set out a summary of the project or programme and details relating to the project size, the proposed extent of the GCF's participation and the environmental and social risks and impacts of the project or programme. The Secretariat will develop a simplified Concept Note template for this purpose as soon as possible.

8. The Secretariat will put in place the structure and process for review of proposals with target schedule and completion dates of reviews and report to the Board on the implementation of the structure and process by B.19.

9. The Concept Note may be submitted at any point during the operation of the Pilot Scheme and shall be accompanied by the results of the environmental and social risk screening that identify project-related environmental and social risks and impacts and their proposed mitigation measures.

10. Such screening by the entities will be conducted against standardized screening form which shall be developed and published by the Secretariat, and which shall be supplemented by explanation on how the screening form should be completed by entities and how the screening will be conducted.

11. An Environmental and Social Action Plan (ESAP) may also be required that will describe the actions necessary to carry out the mitigation measures including timelines for their implementation, continuing consultations and engagement, monitoring and reporting, and actions to develop further the institutional environmental and social management system where gaps are identified. The ESAP will also identify any additional studies and work that will need to be carried out by the entity post approval stage and prior to the execution of relevant activities. The result of the environmental and social risk screening and the ESAP, as required, will allow the Secretariat to confirm the level of risk and the environmental and social safeguards requirements of the activities proposed for GCF financing and will be attached as a covenant to the Funding Proposal, becoming binding on the approval of the project. All environmental and social risks and impacts are to be checked by the Secretariat.

12. Upon receipt of the Concept Note and related documentation, the Secretariat shall first assess the eligibility of the proposed project or programme and the relevant entity. Concept Notes which satisfy the eligibility criteria set out in sections II and III shall then be developed into funding proposals.

13. Entities whose Concept Notes are eligible and whose screening has concluded in a positive determination shall be invited to submit a Funding Proposal for the Secretariat's review.

14. The Funding Proposal will follow a simplified format based on the updated project approval process and using a template that will be developed by the Secretariat for this purpose.

15. Funding proposals will include a pre-feasibility study, and be screened in relation to the environmental and social risks and impacts, stakeholder engagement undertaken, and grievance redress mechanisms, which will be put in place.

16. The entity proposing the project or programme will need to provide a summary of consultations and a stakeholder engagement plan including activity-level and entity-level grievance redress mechanisms following the guidance and standard format to be provided by the Secretariat.

17. The review of safeguards will take into account the results of the environmental and social risk screening and the ESAP, as required.

18. In addition, the Secretariat will provide technical support on how to complete Funding Proposals to relevant entities through the use of any appropriate means.

##### **4.2 Project review**

19. It is expected that the entity will conduct all relevant due diligence for the project or programme prior to the submission of a funding proposal.

20. The Secretariat will carry out its second-level due-diligence based on the simplified set of documents. The Secretariat will confirm the risk category of the project or programme activity. The Secretariat will confirm during project or programme assessment that all activities are consistent with the risk categories adopted.

21. Proposals under this Pilot Scheme will be subject to iTAP review on a rolling basis. This review will be based on the simplified set of documents.

22. Simplified financial and other terms shall be included with the Funding Proposal.

23. Pilot projects assessed with minimal to no ESS risks do not have ESS disclosure requirements by the submitting entities.

### 4.3 Project approval

24. Funding Proposals whose approval is recommended by the Secretariat shall be submitted to the Board for consideration during its regular meetings, until such time as a process for approving Funding Proposals under this Pilot Scheme through in-between Board meetings is adopted by the Board.

### 4.4 Post Approval

25. The Secretariat will implement the full post-approval process for approved Funding Proposals, in an expedited manner where possible, including in relation to the clearance of any conditions, and disbursements.

### 4.5 Implementation

26. The list of items attached as conditions and covenants to the project or programme will be implemented by the entity and monitored by the Secretariat

27. Any changes to project or programme design and implementation arrangements will trigger a project or programme restructuring process that will include re-assessment of project or programme risks and compliance with relevant GCF policies.

28. A robust monitoring system will be put in place to assist projects or programmes reach compliance, where possible gaps exist. This robust monitoring system may also build capacity of the entities to meet GCF standards and to be able to put forward full proposals in the future. The Secretariat will develop this monitoring system for the simplified approval process in this regard.

### **DECISION B.14/07 (a) to (h): Consideration of funding proposals and approval of the operational guidelines of the simplified proposal approval process**

The Board, having considered document GCF/B.14/07 titled “Consideration of funding proposals”,

- (a) Notes that the review of the initial proposal approval process is in progress, in accordance with decision B.11/11, paragraph (j), and that the Board will consider the outcome of the review at its fifteenth meeting, in accordance with decision B.12/13, paragraph (a);
- (b) Requests the Co-Chairs and Executive Director ad interim, with guidance from the Budget Committee, to address the Secretariat capacity limitations in the Mitigation and Adaptation and Private Sector Facility divisions, by expediting, in a transparent manner, staff appointments, consultant appointments and secondments in key thematic areas;
- (c) Decides, in line with decision B.11/11, to conclude the review of the initial proposal approval process, in particular to expedite progress on strengthening and scaling up the GCF pipeline; streamlining and improving the transparency of the proposal approval process; reviewing how concept notes should work within the project cycle; and strengthening project/programme eligibility criteria;
- (d) Also decides to approve the operational guidelines of the simplified proposal approval process at its fifteenth meeting in line with decision B.13/20;
- (e) Notes that the Investment Committee is already working to bring forward proposals on indicative minimum benchmarks for the seventeenth meeting of the Board and will propose terms of reference for the review of independent Technical Advisory Panel at the fifteenth meeting of the Board;
- (f) Expresses concern regarding the number of conditional project approvals to date;
- (g) Urges the Secretariat, national designated authorities and focal points, and accredited entities to intensify efforts to strengthen the quality of funding proposals, in order to demonstrate greater potential to adapt to the impacts of climate change and/or to limit and reduce greenhouse gas emissions in the context of promoting a paradigm shift;
- (h) Urges direct access entities to make use of the Project Preparation Facility to strengthen their proposals in order to demonstrate greater potential to adapt to the impacts of

climate change and/or to limit and reduce greenhouse gas emissions in the context of promoting a paradigm shift as indicated in paragraph (g) above;

(Note: Paragraphs (i) to (ccc) of decision 14/07 are located under Consideration of Funding Proposals, Chapter X, see \*DECISION B.14/07 (i) to (ccc): Consideration of funding proposals at the fourteenth meeting of the Board)

**\*DECISION B.13/20: Simplified processes for approval of proposals for certain activities, in particular small-scale activities**

The Board, having considered document GCF/B.13/13/Rev.01 titled “Simplified processes for approval of proposals for certain activities, in particular small-scale activities: recommendations from the Co-Chairs”,

- (a) Takes note of the convergence and matters raised during the consultations undertaken by the Co-Chairs;
- (b) Decides that a simplified process for small-scale activities will apply to both micro-scale and small-scale funding proposals that are assessed to fall under the low/no risk Category C/Intermediation 3;
- (c) Also decides that the simplified process will apply to proposals from all accredited entities, including subnational, national, regional and international entities, especially direct access entities;
- (d) Further decides that the simplified process will include a revised full funding proposal template for micro- and small-scale activities, and the Board’s agreement on simplifying the level of detail required in terms of feasibility studies and other supporting documentation for these proposals;
- (e) Decides that the simplified process will operate in accordance with GCF policies;
- (f) Also decides to review the simplified process following the completion of the Initial Resource Mobilization period, based on experience gained and lessons learned;
- (g) Further decides that in the context of overall budget and staffing decisions, adequate support will be allocated within the Secretariat for the consideration and implementation of the simplified processes for the approval of proposals for certain activities, in particular for small-scale activities, and requests the Budget Committee to provide guidance to the Secretariat on this matter; and
- (h) Requests the Secretariat to present to the Board, for consideration and approval at its fourteenth meeting, guidelines on the simplified processes for the approval of proposals for certain activities, in particular small-scale activities, taking into account the views expressed in the Co-Chairs’ consultations related to:
  - (i) The proportion of GCF contribution to the total project size;
  - (ii) The level of details required for full proposal development; and
  - (iii) The addressing of project risks.

**DECISION B.12/10: Consultations on simplified processes for the approval of proposals for certain activities, in particular small-scale activities**

The Board, having considered the views of Board members contained in the document titled “Compilation of submissions - simplified processes for approval of proposals for certain activities, in particular small-scale activities”,

- (a) Requests the Co-Chairs to consult the Board with a view to presenting for consideration and adoption by the Board, the outcome of their consultations related to simplified processes for the approval of proposals for certain activities, in particular small-scale activities, at its thirteenth meeting;

- (b) Also requests the Secretariat to support the Co-Chairs in the preparation of the documentation related to the consideration by the Board of a simplified approval process; and
- (c) Requests the Secretariat to support the Co-Chairs to summarize the outcome of their consultations and to propose a draft decision in a written report to be transmitted to the Board in line with the Rules of Procedure of the Board

### **INDEPENDENT TECHNICAL ADVISORY PANEL**

#### **DECISION B.BM-2018/17: Re-appointment of members of the independent Technical Advisory Panel**

The Board, having considered the document GCF/BM-2018/26 titled “Re-appointment of members of the independent Technical Advisory Panel”:

- (a) Takes note of the summary report on the performance assessment of each member of the independent Technical Advisory Panel as presented in annex II of document GCF/BM-2018/26, and the detailed report on the performance assessment of each member of the independent Technical Advisory Panel as presented in annex III of document GCF/BM-2018/26;
- (b) Considers that the performance of each member of the independent Technical Advisory Panel during their current term of membership has been satisfactory; and
- (c) Decides to re-appoint, as an exception to paragraph 12 of annex I to decision B.BM-2018/09, the following members of the independent Technical Advisory Panel for a two-year term starting on the date of the expiration of their current term:
  - (i) Mr. Daniel Nolasco;
  - (ii) Ms. Marina Shvangiradze; and
  - (iii) Mr. Felix Dayo.

#### **DECISION B.BM-2018/13: Re-appointment of members of the independent Technical Advisory Panel**

The Board, having considered the limited distribution document GCF/BM-2018/17 titled “Re-appointment of members of the independent Technical Advisory Panel”:

- (a) Takes note of the executive summary of the performance assessment of each member of the independent Technical Advisory Panel as presented in annex II of document GCF/BM-2018/17, and the full report of the performance assessment of each member of the independent Technical Advisory Panel as presented in annex III of document GCF/BM-2018/17;
- (b) Considers that the performance of each member of the independent Technical Advisory Panel during their current term of membership has been satisfactory;
- (c) Decides to re-appoint, as an exception to paragraph 12 of annex I to decision B.BM-2018/09, the following members of the independent Technical Advisory Panel for a two-year term starting on the date of the expiration of their current term:
  - (i) Mr. Joe Yamagata;
  - (ii) Ms. Claudia Martinez; and
  - (iii) Mr. Ahsan Ahmed

### **\*DECISION B.BM-2018/09: Updated terms of reference of the Technical Advisory Panel**

The Board, having considered document GCF/BM-2018/09 titled “Updated terms of reference of the Technical Advisory Panel”:

- (a) Approves the updated terms of reference of the independent Technical Advisory Panel (the Panel) as set out in annex I;
- (b) Requests the Investment Committee to present a recommendation to the Board, at the Board’s twentieth meeting, regarding the extension of the terms of the three Panel members with contracts expiring in August 2018, with reference to the ongoing performance review of the members of the Panel as appropriate; and
- (c) Requests the Investment Committee, with the support of the Secretariat, to nominate members of the Panel for endorsement by the Board at its twentieth meeting in a number necessary to replace current Panel members not serving for a second term and, if deemed appropriate, to increase the capacity of the Panel following the recommendation of the Secretariat, as per decision B.19/08, paragraph (d).

#### Annex I: Terms of reference of the Technical Advisory Panel

##### **I. Role and mandate**

1. The Technical Advisory Panel (the Panel) will provide independent technical assessment of, and advice on, funding proposals for the Board.
2. The Panel will conduct technical assessments of funding proposals submitted through the Secretariat by GCF accredited entities at the analysis and recommendations to the Board stage of the GCF project and programme approval cycle. This will be done in accordance with the GCF project and programme approval cycle and the simplified approval process (SAP), and to provide objective technical advice on funding proposals to the Board.
3. The Secretariat will engage the Panel on all funding proposals, including those submitted through the SAP, as approved in decision B.18/06. The Panel will operate as an independent technical advisory body of GCF. The Panel and its members will be bound by these terms of reference (TOR) as well as by any relevant policies and procedures of GCF, including the policy on ethics and conflict of interest for external members serving on panels, sub-committees and working groups of the Board. The Rules of Procedure of the Board, as well as any other relevant rules and guidelines to be adopted by the Board, will apply mutatis mutandis to the Panel.
4. The Panel will independently assess the performance of the funding proposals submitted to GCF against the GCF activity-specific criteria.
5. The Panel, in the conduct of its technical assessment of funding proposals, will be provided, prior to its final assessment, with the final funding proposal; the Secretariat’s assessment of compliance with safeguards, policies and performance of the project or programme against activity-specific criteria; and other necessary information that may reasonably be requested from the Secretariat. In addition, the Panel may be provided, as per the applicable project and programme activity cycle, with previous submissions of the funding proposals for initial review and feedback.

##### **II. Reporting**

6. Pursuant to this mandate, and in accordance with stage IV of the GCF project and programme activity cycle as outlined in annex IV to decision B.17/09 titled “Updated project and programme cycle”, the Panel’s advice will be submitted to the Board by the Secretariat as part of the documentation pertaining to the funding proposal. The advice provided by the Panel will consist of the outcome of its independent technical assessment and its recommendation on each funding proposal that it considers.

##### **III. Composition and structure**

7. The Panel will comprise a minimum of six members: three from developing countries and three from developed countries. The Panel membership may be increased when deemed appropriate by the Board to accommodate the need for additional capacity and areas of expertise. On a case-by-case basis, members of the Panel may call additional experts from the roster of experts if the need for specialized knowledge arises, as deemed necessary, using the budget approved for the Panel. The Secretariat will assist the Panel in the procurement of a roster of experts.
8. The Panel’s collective expertise will cover a range of specialities and subspecialties related to mitigation, adaptation, the private sector and the financing of projects in developing countries.

## Chapter I: Business Model

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9. Panel members and expert members will, therefore, demonstrate recognized capacity and expertise in their fields of competency as it pertains to the Fund's initial result areas, supported by a successful career track record. Familiarity with guidance stemming from the United Nations Framework Convention on Climate Change process, the Intergovernmental Panel on Climate Change and other relevant processes is desirable. Experience in the appraisal and operation of projects in the area of REDD-plus and in small island developing States, as well as expertise in gender-sensitive development and economic analysis, are also an asset.

10. Each Panel member and expert member must have an unquestionable personal reputation and have demonstrated integrity and ethical behaviour throughout his or her professional career.

11. Members of the Panel will be procured, selected and nominated by the Investment Committee, with the support of the Secretariat, for endorsement by the Board soon thereafter.

12. The endorsed Panel members will enter into a consultancy contract with GCF for a term of three years, with the possibility of renewal. The Executive Director of the GCF may terminate the consultancy contract with a Panel member in cases of unethical behaviour, negligence of duties, or any other breach of his or her obligations thereunder, whereupon his or her term as Panel member will terminate automatically.

### IV. Modalities of work

13. The Panel will conduct its review of funding proposals remotely, and through physical meetings at the GCF headquarters in Songdo, Republic of Korea. The dates and timelines for reviews will be determined by the Secretariat in accordance with the project and programme approval cycle and the SAP, and may take place on a rolling basis. For funding proposals categorized under the SAP modality, reviews may follow new streamlined procedures for the simplification of the review process envisaged by the SAP. A summary of each completed technical assessment will be made available on the GCF website at least 21 days prior to Board action, in accordance with the GCF Information Disclosure Policy.

14. The Secretariat will provide the necessary operational and administrative support to the Panel.

### V. Compensation

15. A fee will be paid to Panel members and expert members in accordance with the GCF rules and regulations, subject to the terms of their consultancy contracts. The monthly fee will be determined in consultation with the Secretariat to reflect the time commitments derived from the volume of funding proposals reviewed.

### VI. Conflict of interest and confidentiality

16. A conflict of interest arises when a Panel member has an interest, which may include but is not limited to a financial interest that could, or could be deemed to, improperly influence the performance of his or her official duties or responsibilities as a Panel member. A conflict of interest applies to, among others, Panel members who hold positions in government or non-governmental organizations, or who are working in, or have any contractual arrangement as consultants or otherwise with, an accredited entity of the GCF or an executing entity.

17. All actual or potential conflicts of interest, or the appearance thereof, shall be immediately disclosed in writing to the Fund's Independent Integrity Unit.

18. It is the duty of the Independent Integrity Unit to review these disclosures promptly and to decide whether an actual or potential conflict of interest exists and, if so, whether to issue a waiver defining the extent to which the Panel member in question may participate in any discussion of the issue that has given rise to the conflict.

19. When the Independent Integrity Unit determines that an actual or potential conflict of interest exists, the Panel member shall not participate in the matter that has given rise to the conflict absent a waiver from the Independent Integrity Unit. The waiver may be designed to allow for any level of participation that the Independent Integrity Unit deems appropriate.

20. Furthermore, at the time of appointment, all Panel members will sign the oath contained in the appendix I to this document.

21. Panel members shall adhere to the Policy on Ethics and Conflict of Interest for External Members of Green Climate Fund Panels and Groups, as may be amended from time to time.

22. Panel members shall adhere to the Fund's information disclosure policy, as may be amended from time to time, including in respect of the treatment of confidential information.

### VII. Revision and termination of the terms of reference of the Panel

23. The Board may revise the TOR as necessary, and upon the advice of the Investment Committee, in order to incorporate lessons learned and to reflect the evolving technical needs of the GCF.

24. The mandate of the Panel may be revised or terminated by the Board, if deemed necessary.

### Appendix I: Oath to be taken by the members of the Technical Advisory Panel

"I solemnly declare that I shall perform my duties as a member of the Technical Advisory Panel (the Panel) of the Green Climate Fund (the Fund), honourably, faithfully, impartially and conscientiously.

I further solemnly declare and promise that I shall disclose any financial interest or any other real or perceived conflict of interest in the review and consideration of funding proposals submitted to the Panel and, in general, in any other matter in connection with the fulfilment of the mandate of the Panel.

I shall refrain from participating in the consideration of funding proposals or policy discussions where any financial interest or any other real or perceived conflict of interest may arise, or where any personal circumstance might be incompatible with the requirements of integrity and impartiality expected from a member of the Panel.

I solemnly declare that I accept and will be bound by the Policy on Ethics and Conflict of Interest for External Members of Green Climate Fund Panels and Groups. Subject to my responsibilities to the Panel, I shall not disclose, even after the termination of my functions, any confidential or proprietary information which is transferred to the Board, the Investment Committee, the Panel or the Secretariat, or any other confidential information coming to my knowledge by reason of my duties for the Panel."

Full name: \_\_\_\_\_

Date: \_\_\_\_\_

Signature: \_\_\_\_\_

### **\*DECISION B.19/08: Measures to enhance the effectiveness of the independent Technical Advisory Panel**

The Board, having considered document GCF/B.19/03/Rev.01 titled "Review of the structure and effectiveness of the independent Technical Advisory Panel":

- (a) Takes note with appreciation of the analysis and recommendations presented in the document;
- (b) Requests the Secretariat, as soon as is possible, to expedite the arrangements for a roster of experts to be drawn together, with the necessary sectoral and regional expertise, for use by the independent Technical Advisory Panel in the review of funding proposals;
- (c) Also requests the Secretariat, in consultation with the independent Technical Advisory Panel, to develop a proposal, as requested in decision B.18/06, paragraph (c) (ii), to accommodate the increase in funding proposals from the simplified approval process through, inter alia, the use of the roster of experts and elaboration of a simplified approval process-specific timeline;
- (d) Further requests the Secretariat, in consultation with the independent Technical Advisory Panel and the Budget Committee, to present by the twentieth meeting of the Board an analysis of options to accommodate the increased workload resulting from the higher number of funding proposals being processed, and an updated budget proposal consistent with such options;
- (e) Allocates USD 250,000 for use by the independent Technical Advisory Panel on an exceptional basis, and as a temporary measure, until such a decision relating to paragraph (d) is taken, to increase the capacity of the independent Technical Advisory Panel, as noted in paragraphs (b) and (c) above;
- (f) Requests the independent Technical Advisory Panel, with the support of the Secretariat and the Investment Committee, to improve its internal structures and processes to ensure more coherence, the establishment of formal procedures, and the efficient use of time and resources, and to report to the Board on the progress made by the twentieth meeting of the Board;
- (g) Also requests the independent Technical Advisory Panel, with the support of the Secretariat, to develop a more comprehensive review template, ensuring that investment

criteria and subcriteria are addressed consistently, using the appropriate metrics relevant for the sector and the investment criteria guidelines, when available;

- (h) Further requests the Secretariat and the independent Technical Advisory Panel to implement a periodic quality assurance process of the independent Technical Advisory Panel's assessments, and report back to the Board by its twentieth meeting;
- (i) Requests the Secretariat and the independent Technical Advisory Panel to agree on and implement, on a pilot basis, a new review cycle that allows for longer review times by the independent Technical Advisory Panel and the provision of its inputs at an earlier stage in the approval process, consistent with the updated project and programme cycle as set up in annex IV to decision B.17/09;
- (j) Also requests the Secretariat to consult with the independent Technical Advisory Panel when developing sectoral guidance for projects and programmes; and
- (k) Decides to review the composition of the independent Technical Advisory Panel, defined in paragraph 11 of the terms of reference, upon the finalization of policies related to the proposal approval process, and based on the resource needs arising from the review of funding proposals and the support in the development of sectoral guidance.

### **DECISION B.BM-2017/12: Terms of reference of the performance review of the members of the Technical Advisory Panel**

The Board, having considered document GCF/BM-2017/16 titled "Terms of reference of the performance review of the members of the Technical Advisory Panel":

- (a) Decides that, prior to the expiry of their terms of membership of the Technical Advisory Panel, each member of the Technical Advisory Panel shall undergo a performance review and shall only be eligible for a subsequent term of membership of the Technical Advisory Panel if the Board considers that the outcome of the relevant performance review is satisfactory;
- (b) Reaffirms the terms of reference, including the job description and qualifications, for the Technical Advisory Panel adopted in annex XII to decision B.09/10, which will guide the performance review of each member of the Technical Advisory Panel;
- (c) Adopts the guiding principles and methodology for the performance review of members of the Technical Advisory Panel of the Green Climate Fund for the performance review set out in annex III to this document;
- (d) Endorses the terms of reference for the performance review of the members of the Technical Advisory Panel, as contained in annex IV to this document;
- (e) Decides that the performance review of the members of the Technical Advisory Panel shall be undertaken by an independent consultant or firm, with the aim of presenting the outcome of the performance review to the Board for consideration at its twentieth meeting; and
- (f) Requests the Secretariat to promptly procure the independent consultant or firm referred to in paragraph (e) above.

(Note: The terms of reference mentioned in sub-paragraph (b) of decision B.BM-2017/12 above is reproduced under decision B.09/10, see DECISION B.09/10: Terms of reference of the independent Technical Advisory Panel)

### Annex III: Guiding principles and methodology for the performance review of members of the Technical Advisory Panel of the Green Climate Fund

1. The Technical Advisory Panel (TAP), in accordance with decision B.07/03, paragraph (f), was established to provide an independent technical assessment of and advice on funding proposals for the Board. The terms of reference of the independent Technical Advisory Panel (the TAP), approved through decision B.09/10, define the role and mandate, composition and structure, reporting, work modalities, and compensation of the TAP. The TAP is comprised of six expert members with balanced representation between developing and developed countries, with gender balance, and with collective expertise covering a range of specialties related to adaptation, mitigation, the private sector, financing, and development and implementation of projects in developing countries. Each TAP member is nominated by the Investment Committee for endorsement by the Board, for a period of three years.

2. At the tenth meeting of the Board in June 2015, the first three experts were endorsed as initial members of the Panel. These members reviewed the first set of funding proposals submitted for the Board's consideration at its eleventh meeting. At its twelfth meeting in March 2016, the Board endorsed three additional candidates, completing the roster of the Panel. In their decision, the Board noted that, with this endorsement, the Panel deviated, on an exceptional basis, from the geographic balance established in the terms of reference. A review of the Structure and Effectiveness of the Technical Advisory Panel, mandated by the Board, was presented to the Board at its eighteenth meeting, and included recommendations on the TAP's general composition, internal processes, assessments, and overall value.

3. This document includes guiding principles and the methodology for the performance review of each member of the TAP. The review shall serve a double purpose: first, to inform the process of contract renewal of the current TAP members and recruitment of new members, and second, to help the members of the TAP to gain insights on how she/he is perceived by other TAP members and stakeholders, and have an opportunity to adjust behavior and develop skills that will enable her/him to excel at her/his role.

#### **I. Guiding principles**

4. The review should:

- (a) Take into account the accountability of the TAP to the Board of the GCF;
- (b) Cover the entire period of each TAP member's term, which commenced in accordance with relevant decisions B.10/09 and B.12/05; and
- (c) Be conducted with a spirit of openness and positivity towards giving and receiving feedback.

#### **II. Methodology**

5. The performance review of TAP members will be undertaken by an independent consultant or firm that will:

- (a) Facilitate the self-assessment of the performance of TAP members with regard to the duties adopted in annex XII to decision B.09/10;
- (b) Develop and implement an online 360-degree assessment exercise eliciting feedback from:
  - (i) Members of the Board and alternate Board members;
  - (ii) Relevant individual staff members of the Secretariat;
  - (iii) Other TAP members; and
  - (iv) A sample of accredited entities.

6. The 360-degree assessment exercise will collect qualitative and quantitative feedback on the TAP members' performance in the relevant assessments in which the TAP member participated, either as lead or secondary reviewer.

7. The assessment will also include evaluation of the essential competencies for the role – technical expertise, integrity, ethical behaviour, teamwork, communications, and ability to meet deadlines.

8. The independent consultant or firm will:

- (a) Collate and review the information from the self-assessment, the review of relevant Funding Proposals' assessments, and the 360-degree assessment exercise;
- (b) Provide feedback to the individual TAP members, for validation of the results and to give them valuable feedback on how their performance is perceived by other TAP members and stakeholders;
- (c) Report to the Board the collated information on the performance review of the TAP members at the twentieth meeting of the Board to enable the Board to assess the TAP members' performance and take appropriate action;

- (d) Keep all personal information absolutely confidential, disclosing only to those who have the agreed privilege to view the data.

### Annex IV: Terms of reference of the performance review of members of the Technical Advisory Panel

#### **I. Introduction**

1. The Technical Advisory Panel (TAP), in accordance with decision B.07/03, paragraph (f), was established to provide an independent technical assessment of and advice on funding proposals for the Board. As per the terms of reference approved in decision B.09/10, the TAP is comprised of six expert members with balanced representation between developing and developed countries, with gender balance, and with collective expertise covering a range of specialties related to adaptation, mitigation, the private sector, financing, and development and implementation of projects in developing countries. Each TAP member is nominated by the Investment Committee for endorsement by the Board, for a period of three years.
2. The GCF endeavors to nurture and develop talent in order to promote the most effective use of their expertise; to determine the quality of their service; to recognize their achievements; and to identify their training and development needs.
3. The Board notes the importance of providing feedback and evaluating performance, in order to facilitate learning and continuous improvement in the day-to-day operations of the TAP.
4. The Board proposes to conduct a 360-degree assessment exercise of the TAP members. This assessment will help inform the process of contract renewal and possible parallel recruitment of TAP members, and help the TAP members to gain insights on how she/he is perceived by other TAP members and stakeholders and have an opportunity to adjust behavior and develop skills that will enable her/him to excel at her/his role.
5. This Request for Proposals (RFP) seeks to identify an independent external evaluation firm that will undertake the tasks described below. The firm will conduct the review in consultation with the Investment Committee, with support from the Secretariat.

#### **II. Objective of the assignment**

6. The objective of the assignment is to assist and facilitate the performance review of the TAP members in accordance with the “Guiding principles and methodology for the performance review of members of the Technical Advisory Panel of the Green Climate Fund” (annex III to this document).

#### **III. Scope and focus of the assignment**

7. The independent consultant or firm would conduct a 360-degree assessment exercise in which the members of the TAP would receive feedback on their performance through self-evaluation and anonymous feedback from those who work closely with the member, following the “Guiding principles and methodology for the performance review of members of the Technical Advisory Panel of the Green Climate Fund” (annex III to this document).
8. The performance review of the members of the TAP will:
  - (a) Understand the organization’s mission and the mandate and role of the TAP members;
  - (b) Identify dimensions to be measured with respect to the terms of reference of the TAP, as contained in annex XII to decision B.09/10, and the “Guiding principles and methodology for the performance review of members of the Technical Advisory Panel of the Green Climate Fund” (annex III to this document);
  - (c) Be prepared following the assessment methodology and tools outlined in the ‘Methodology’ section of the “Guiding principles and methodology for the performance review of members of the Technical Advisory Panel of the Green Climate Fund” (annex III to this document);
  - (d) Clearly identify the technical and regional expertise contributed by each member of the Technical Advisory Panel, taking into account the need to preserve a balance in the TAP’s composition in line with the TAP’s Terms of Reference; and
  - (e) Present a detailed report to the Board, through the Investment Committee, and to each member of the TAP.
9. The assessment tool will include, but may not be limited to, the following features:
  - (a) Designed to collect objective feedback from:
    - (i) Members of the Board and alternate Board members;
    - (ii) Relevant individual staff members of the Secretariat;
    - (iii) Other TAP members; and
    - (iv) A sample of accredited entities;

- (b) Internet-based administration and data collection;
- (c) Capacity to administer to any number of respondents mentioned in paragraph 8(a) above;
- (d) Utmost confidentiality;
- (e) Based on performance review processes of similar positions in comparable institutions;
- (f) Link between the reviewed funding proposals and the respective TAP members in charge of their assessment; and
- (g) Designed to provide tailored report and analysis with ratings, verbatim comments and graphs indicating strengths and areas for development.

#### **IV. Deliverables**

10. The deliverables include:

- (a) A detailed report to be provided to the Board, addressing the following matters:
  - (i) The criteria for reviewing performance;
  - (ii) Review of the performance of each member of the TAP against the criteria; and
  - (iii) Recommendations to the Board; and
- (b) An interim report to be provided to the Investment Committee, containing the preliminary results of the performance review.

#### **V. Reporting arrangements**

11. The independent consultant or firm shall report to the Investment Committee, and keep the Investment Committee regularly updated with respect to progress related to the review.

#### **VI. Duration of the consultancy**

12. The consultancy is expected to take up to a maximum of eight weeks starting from the date of signature of contract by both parties, subject to adjustments as required and mutually agreed.

### **DECISION B.15/06: Review of the structure and effectiveness of the independent Technical Advisory Panel**

The Board, having considered document GCF/B.15/12 titled “Terms of Reference of the Review of the structure and Effectiveness of the Technical Advisory Panel”:

- (a) Adopts the terms of reference of the review of the structure and effectiveness of the independent Technical Advisory Panel as set out in annex II;
- (b) Requests the Secretariat to commission an independent third party to conduct the review of the Technical Advisory Panel’s structure and effectiveness in accordance with the terms of reference adopted;
- (c) Also requests the Secretariat, in consultation with the Investment Committee, to provide the final report for the consideration of the Board at its seventeenth meeting; and
- (d) Notes that the review of the structure and effectiveness of the independent Technical Advisory Panel should take into consideration outcomes of the review of the initial proposal approval process.

#### **Annex II: Terms of reference of the review of the structure and effectiveness of the independent Technical Advisory Panel**

##### **I. Objective of the review**

1. The overall objective of the review is to ensure that the composition and capacity of the TAP allows it to perform the review of funding proposals in a timely way and with high quality delivery. The review will assess the structure and effectiveness of the Panel, and its ability to review funding proposals that have undergone the Secretariat’s second level due diligence. It will also assess the TAP’s role in the revised proposal approval process and in other potential functions where its expertise can provide value for the Fund and its stakeholders such as the accredited entities and the national designated authorities.

### II. Scope

2. In particular, the review will focus on the following aspects:

- (a) Projected demands on the TAP and its associated capacity to assess funding proposals in terms of time commitment and range of technical expertise;
- (b) Panel composition, including balance in terms of geographic and technical expertise coverage;
- (c) Any specific gaps in the Panel's technical expertise that should be filled through the appointment of additional Panel members rather than ad hoc technical support;
- (d) Costings for the recruitment and employment of such additional Panel members;
- (e) Cost-effectiveness of the current modus operandi of the Panel;
- (f) The usage of the roster of experts established to support the work of ITAP and the adequateness of its budget allocation;
- (g) The current and potential roles of the Panel in the Fund's proposal approval process (including simplified processes for certain activities and concept notes), pipeline development strategies, and knowledge and learning functions, as well as the division of labour between the TAP and the Secretariat;
- (h) Working practices, including the timing of the Panel's reception of funding proposals and delivery of its assessment findings, the use of experts from the roster of experts available to ITAP, and the details and procedures of the feedback process with the Accredited Entities and the Secretariat;
- (i) The quality and usefulness of the TAP's recommendations to the Board; and
- (j) The potential effectiveness of extending the review of the Panel to other aspects that concern investments' appraisal such as the technical, economic and financial aspects which are detailed in the funding proposals' annexes.

3. The review will take into account the relevant decisions of the Board and the terms of reference of the independent Technical Advisory Panel, as well as inputs from the Secretariat regarding the current and projected funding proposal pipelines. It will also take into account the limitations due to the short timeframe in which the Fund, and the Panel in particular, has been operational.

4. The review will provide recommendations on how the quality and effectiveness of the Panel's advice to the Board can be enhanced, through consideration of, inter alia:

- (a) Additional capacity to fill gaps in technical expertise in areas where the current or foreseen level of demand so requires, as well as to meet the time demands for the review of the funding proposals;
- (b) Possible redundancies in terms of geographic and technical expertise coverage, with respect to the observed needs related to the composition of the funding proposal pipeline;
- (c) Areas in which the need for specialized knowledge is likely to arise, requiring the procurement of experts as external consultants;
- (d) Ways to address the imbalances in the geographic balance noted by the Board in decision B.12/05, as well as any other imbalances that may be observed;
- (e) Improvements and cost effectiveness in the operation of the Panel, including virtual and in-person discussions, standardization, clarity and quality of feedback, conditions and recommendations, and the individual or collective nature of the TAP review outcomes;
- (f) Enhanced clarity of the role of ITAP and improvements in the way in which the Panel interacts with the AEs, the GCF Secretariat and the Board, drawing on the experience of the GCF and other similar funds, and regarding its roles and responsibilities, timing of interactions, provision of deliverables, etc.;
- (g) Additional roles that the Panel may take to improve the operation of the Fund and its ability to generate a high-quality pipeline, such as providing strategic insight and lessons learned, or early feedback on concept notes;
- (h) Changes in the role of the TAP in the Proposal Approval Process, including interaction with accredited entities at an early stage of project design and during the TAP's funding proposal review; and
- (i) Additional capacity and budget needed to undertake those functions.

5. In addition, the review will compare the current business model (Panel composed by individual part time consultants) with other possible solutions that can provide cost- effectiveness maintaining the same type of representation standards (geographical balance, gender balance, etc.). This may draw on experiences from other funds that have a similar technical panel function.

### III. Methodology

6. The review of the TAP's structure and effectiveness will be conducted by an independent third party (the consultant/firm) in collaboration with the Secretariat, and in consultation with the Investment Committee.
7. The consultant/firm will review, inter alia, the following documentation:
  - (a) The proposal approval process and the respective roles of the TAP and Secretariat in the review and assessment of funding proposals;
  - (b) The Terms of Reference of the Panel;
  - (c) The list of proposals submitted to the Panel;
  - (d) The work assigned to and conducted by each TAP expert;
  - (e) The TAP assessments for the funding proposals considered so far;
  - (f) Records of the amount of days worked by each TAP expert;
  - (g) Records of the discussions in TAP meetings; and
  - (h) The composition of the expected future pipeline, to be provided by the Secretariat.
8. The consultant will conduct interviews with the Panel's members to record potential gaps, recommendations and good practices that the Panel may have identified in the course of its operations.
9. The consultant will also conduct interviews with other stakeholders, including the Secretariat, members of the Investment Committee, Board members, Accredited Entities and other stakeholders to identify potential issues, needs and opportunities for improvement in the aspects under review.
10. The consultant will provide, in consultation with the Investment Committee, specific recommendations to improve the structure and effectiveness of the TAP, focusing on the aspects discussed in section II.

### IV. Deliverables

11. An interim update on the status of the review report will be provided to the Investment Committee prior to the final report. The final report will be presented to the Board at its 17<sup>th</sup> Meeting.

### **DECISION B.13/01: Review of the independent Technical Advisory Panel**

The Board:

- (a) Decides to defer the review of the independent technical advisory panel to take place in 2017;
- (b) Requests the Co-Chairs, in consultation with the Investment Committee, to include this matter in the Work Plan of the Board for 2017; and
- (c) Requests the Investment Committee to provide the draft terms of reference of the review for consideration by the Board as appropriate.

### **DECISION B.12/05: Appointment of additional experts to the independent Technical Advisory Panel**

The Board, having reviewed document GCF/B.12/22 titled "Appointment of additional experts of the independent Technical Advisory Panel",

- (a) Endorses the nomination by the Investment Committee of the following experts of the independent Technical Advisory Panel (the Panel) for one term:
  - (i) Mr. Felix Dayo (Nigeria);
  - (ii) Ms. Marina Shvangiradze (Georgia); and
  - (iii) Mr. Daniel Nolasco (Canada/Argentina);
- (b) Notes that the endorsed candidates have been informed of the Fund's policy on ethics and conflicts of interest for external members of the Green Climate Fund panels and groups, and that they will be bound by the policy upon the endorsement under paragraph (a) above;

- (c) Also notes that the endorsed candidates have provided a list of their respective current functions and roles and have stated that they do not have any current conflict of interest;
- (d) Further notes that, with the candidates endorsed at this meeting, the composition of the Panel deviates on an exceptional basis from the geographical balance between developed and developing countries approved in decision B.09/10, paragraph (a);
- (e) Decides that the matter of the composition of the Panel, including balance in terms of geographical and technical expertise coverage, will be included as part of the review of the structure and effectiveness of the Panel requested by the Board through decision B.10/09, paragraph (d); and
- (f) Notes that each Panel member will be subject to regular performance evaluations, consistent with the Fund's practice for external members serving on panels and groups of the Fund. Agenda item 8: Work Plan of the Board

### **DECISION B.10/09: Independent Technical Advisory Panel**

The Board, having reviewed document GCF/B.10/15 Appointment of Experts of the Independent Technical Advisory Panel:

- (a) Endorses the nomination by the Investment Committee of the following experts of the independent Technical Advisory Panel for one term:
  - (i) Mr. Ahsan Uddin Ahmed (Male, Bangladesh);
  - (ii) Ms. Silvie Kreibiehl (Female, Germany);
  - (iii) Ms. Claudia Martinez (Female, Colombia); and
  - (iv) Mr. Jo Yamagata (Male, Japan);
- (b) Reaffirms that the work of the independent Technical Advisory Panel will be conducted as per the terms of reference approved in decision B.09/10, paragraph (a);
- (c) Also reaffirms that the Panel will comprise six members as per the terms of reference approved in decision B.09/10, paragraph (a), and that the remaining two Panel members will be selected before the twelfth meeting of the Board with due consideration to the United Nations Framework Convention on Climate Change (UNFCCC) roster of experts and to the geographic and specialty coverage, as appropriate;
- (d) Decides that the Secretariat, in consultation with the Investment Committee, will conduct a review of the independent Technical Advisory Panel's effectiveness to be provided to the Board for consideration at its fourteenth meeting. This review will include an assessment of:
  - (i) Projected demands on the Panel and its associated capacity to assess funding proposals in terms of time commitment and range of technical expertise;
  - (ii) Any specific gaps in the Panel's technical expertise that should be filled through the appointment of additional Panel members (including from the UNFCCC roster of experts as appropriate) rather than ad hoc technical support; and
  - (iii) Costings for the recruitment and employment of such additional Panel members;
- (e) Moreover, based on the objectives and guiding principles, and paragraph 70 on expert and technical advice of the Governing Instrument, and on the Panel's terms of reference as approved in decision B.09/10, paragraph (a), agrees that:
  - (i) The Panel will, with the help of the Secretariat, draw on technical expertise, particularly including that from, but not limited to, the UNFCCC roster of experts and thematic bodies, as appropriate; and

- (ii) The Secretariat should, in line with the Panel's terms of reference, establish a dedicated roster of experts for the Panel in major mitigation and adaptation areas over time, and to report on progress at the fourteenth meeting of the Board; and
- (f) Decides, noting decision 5/CP.19, to include in its annual report to the Conference of the Parties of the UNFCCC information on the development and implementation of mechanisms to draw on appropriate expert and technical advice, including from the relevant thematic bodies established under the Convention, as appropriate.

### **DECISION B.09/10: Terms of reference of the independent Technical Advisory Panel**

The Board, having reviewed document GCF/B.09/09 Terms of Reference of the Technical Advisory Panel:

- (a) Approves the terms of reference of the independent Technical Advisory Panel (the Panel) as contained in Annex XII hereto; and
- (b) Requests the Investment Committee, with support from the Secretariat and as soon as is possible, to nominate six experts as members of the Panel, for endorsement by the Board through a decision to be taken between meetings on a no objection basis.

(Note: The terms of reference of the independent Technical Advisory Panel contained in Annex XII mentioned in decision B.09/10 have been superseded by the updated terms of reference laid out in Annex of decision B.BM.2018/09, see \*DECISION B.BM-2018/09: Updated terms of reference of the Technical Advisory Panel )

## **FINANCIAL INSTRUMENTS / FINANCIAL TERMS AND CONDITIONS**

### **\*DECISION B.BM-2019/08: Adoption of revised terms of reference for the review of the financial terms and conditions of the GCF financial instruments**

The Board, having considered document GCF/BM-2019/08 titled "Revised terms of reference for the review of the financial terms and conditions of the GCF financial instruments":

- (a) Approves the revised terms of reference for the review as set out in annex I;
- (b) Takes note of the first review of the financial terms and conditions of the GCF financial instruments led by the Investment Committee as set out in annex II;
- (c) Request the Secretariat to conduct biennial reviews of the financial terms and conditions of the GCF financial instruments, as set out in annex II to decision B.09/04, based on the approved revised terms of reference and to report biennially the outcome of such review to the Board; and
- (d) Decides that Board approval for subsequent changes to the revised terms of reference for the review of the financial terms and conditions of the GCF financial instruments will only be necessary in the case that such changes are considered materials by the Secretariat and the Investment Committee.

#### **Annex I: Revised terms of reference for the review of the financial terms and conditions of the GCF financial instruments**

##### **I. Purpose of the review**

- 1. The review will:
  - (a) Assess the degree to which there has been compliance with existing policies on financial terms and conditions in GCF operations;
  - (b) Assess whether existing GCF policies related to financial terms and conditions are fit for purpose; and
  - (c) Propose additions or adjustments on how policies related to financial terms and conditions could be

improved.

### II. Scope of the review

2. The scope of the review will include an internal component, which considers the current financial terms and conditions as they relate to the projects and programmes approved by the Board, and an external component, which reviews the current practices with respect to the terms and conditions of financial instruments used by other institutions with policy mandates related to those of GCF, covering different national circumstances in developing countries.

3. The review will also explore and recommend ways the GCF can: (i) more effectively use guarantee instruments; and (ii) include local currency financing in GCF projects and programmes.

4. The review will focus on projects and programmes approved by the Board since the last review, which was for projects approved up to and during the seventeenth meeting of the Board (B.17), and it will provide a view on whether there is any substantial difference in the use of financial instruments from the projects approved up to B.17. Such a review will take into account all the financial terms and conditions (i.e. interest rate, commitment fee, service fee, other fees if applicable, and tenor and grace period of the financial instrument) and, where relevant, recommend appropriate changes for the consideration of the Board. The review will also take into account whether the project/programme is public or private, the theme (mitigation, adaptation or cross-cutting), the total project/programme size category (micro, small, medium or large), and the different national circumstances of the recipients.

### III. Methodology

5. Specifically, the review will:

- (a) For all financial instruments, assess whether the existing Board policies related to financial terms and conditions have been correctly applied;
- (b) For financial instruments extended to the public sector, review the financial terms and conditions (i.e. grant elements, interest rate, commitment fee, service fee, other fees if applicable, and tenor and grace period of the financial instrument);
- (c) For financial instruments extended to the private sector, review the financial terms and conditions (i.e. interest rate, commitment fee, service fee, other fees if applicable, and tenor and grace period of the financial instrument) and identify emerging patterns and other issues that could lead to additional guidance on the parameters to be used for assessing private sector projects/programmes, including sector, geography, capacity of the recipient and other characteristics of the project; and
- (d) For all projects/programmes with non-grant co-financing aspects, compare the financial terms and conditions approved by the Board against the financial terms approved by other co-financiers with policy mandates related to those of GCF (where this information is available).

6. The review will also assess and report on the current use of the guarantee instrument and make recommendations on ways it can be more effectively used in GCF project/programme financing. In addition, the review will explore the opportunities for utilizing local currency to finance GCF projects/programmes by carefully examining and comparing against similar funds and providing recommendations with suggested action plans under the oversight of the Investment Committee.

7. The review will assess the degree to which Board policies provide clear guidance on the financial terms and conditions that should apply to each project as well as analyse how existing Board policies were applied to each funding proposal approved since the last review and make recommendations for improvement.

8. The review will also assess how accredited entities and the Secretariat assess the concessionality needed for each funding proposal in relation to the Governing Instrument for the GCF and relevant GCF policies. This will include assessment of the use of different financial instruments (i.e. grant, loan, guarantee and equity) and their terms and conditions to make sure that the GCF contribution is incentivizing mitigation and adaptation action while avoiding market distortion and crowding out/displacing other sources of finance.

9. The review will also take stock of practices with respect to the terms and conditions of financial instruments used by other institutions with policy mandates related to those of GCF. Emphasis will be placed on any changes that may have taken place since the conclusion of the previous review, which was in the second half of the 2017 fiscal year.

10. Institutions will include the International Development Association, the Clean Technology Fund, the International Finance Corporation, the Global Environment Facility, and large foundations providing both grant and non-grant financial instruments.

11. Additionally, particularly with respect to financial instruments provided to the private sector, the review will

incorporate the practices of other institutions active in the area of climate financing, including at least one international financial institution, one national development bank, one fully private sector organization focused on climate-related investments in emerging markets, and one foundation or non-governmental organization.

### IV. Deliverables

12. The outputs of the review will include a presentation to the Investment Committee and a report to the Board that incorporates input/feedback from the Investment Committee. The review may propose additions or adjustments to the adopted financial terms and conditions of the GCF for the Board's consideration, consistent with GCF policies. In addition, the report will include analysis of the guarantee instrument and explore opportunities for utilizing local currency to finance GCF projects/programmes. A consulting firm will be working under the oversight of the Investment Committee on the review.

13. This review is also expected to generate lessons learned, not only related to the financial terms and conditions of the GCF but also for conducting the review itself going forward. As the review is to be conducted biennially, the review report may also propose adjustments to the scope of future reviews for the Investment Committee's consideration. The Investment Committee may then wish to modify these terms of reference for Board consideration.

14. The output of the review will also include an examination of the service fee and commitment fee, and its relationship with the Governing Instrument and relevant GCF policies.

### V. Reporting arrangements

15. The external consultants supporting the review will report to the Secretariat, who will in turn report to the Investment Committee.

## Annex II: Review of the financial terms and conditions of the GCF financial instruments

### I. Introduction

1. The Board, in decision B.09/04<sup>1</sup> (see annexes III and IV to this document), adopted the financial terms and conditions for the financial instruments of GCF. Through decision B.09/04, the Board also decided that the financial terms and conditions should be reviewed on an annual basis.

2. In decision B.12/15, the Board requested the Investment Committee to provide the draft terms of reference for the annual review of the financial terms and conditions for consideration by the Board at its fifteenth meeting. The terms of reference for the review of the financial terms and conditions of the GCF financial instruments, contained in annex V to this document, were adopted by the Board in decision B.15/05.

3. In decision B.17/08, the Board decided that, pending the conclusion of the review of the financial terms and conditions, the financial terms and conditions set out in annex II to decision B.09/04 should be applied in a fit-for-purpose manner, provided that such terms and conditions do not exceed the upper limits set out therein.

### II. Scope and objective

4. The terms of reference for the review of the financial terms and conditions of the GCF financial instruments, as adopted by the Board in decision B.15/05 (see annex VI for the full terms of reference), specified the scope of the review, as follows:

- (a) The scope of the review will include an internal component, which takes stock of the projects and programmes approved by the Board and the GCF policies related to financial terms and conditions, and an external component, which takes stock of the practices with respect to the terms and conditions of financial instruments used by other organizations with policy mandates related to those of GCF; and
- (b) The review will take stock of the projects and programmes approved by the Board, including those that may be approved at its fifteenth meeting, and analyse to what extent the principles of decisions B.05/07 and B.07/06 have been followed in the assessment of the adequacy of the selected financial instruments. Such a review will take into account all the financial terms and conditions (interest rate, commitment fee, service fee, other fees if applicable, and tenor and grace period of the financial instrument). The review will also take into account whether the project/programme is public or private, the theme (mitigation, adaptation or cross-cutting) and total project/programme size category (micro, small, medium or large).

### III. Linkages with other documents

5. The following documents are also relevant to the financial terms and conditions of the GCF financial

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<sup>1</sup> Decision B.09/04 (annexes III and IV to this document) could be found at \*DECISION B.09/04: Adoption of the financial terms and conditions of grants and concessional loans)

instruments:

- (a) “Business Model Framework: Terms and Criteria for Grants and Concessional Loans” (document GCF/B.05/07);
- (b) “Investment Framework” (document GCF/B.07/06);
- (c) “Level of Concessional Terms for the Public Sector” (document GCF/B.10/06)
- (d) “Concessional Terms: potential approaches for further guidance” (document GCF/B.19/12/Rev.01); and
- (e) “Risk Management Framework” (document GCF/B.19/19).

#### **IV. General principles applied to the financial terms and conditions of the GCF financial instruments**

6. By decision B.05/07, the Board adopted the following principles and factors for determining the terms and conditions of the GCF financial instruments for both public and private sector operations:

- (a) Guiding principles applicable to public and private sector operations:
  - (i) Grant elements should be tailored to incremental cost or the risk premium required to make the investment viable, or to cover specific activities such as technical assistance;
  - (ii) Seeking the right level of concessionality, so as not to displace investments that would otherwise have occurred, including for private sector investment;
  - (iii) Levels of indebtedness capacity of the recipient should be taken into account so as not to encourage excessive indebtedness;
  - (iv) Structure terms on a case-by-case basis to address specific barriers;
  - (v) Avoid crowding out commercial financing;
  - (vi) Leveraging of other financing, including public and private financing, seeking to maximize leverage in the case of private financing;
  - (vii) Promote long-term financial sustainability; and
  - (viii) Apply due diligence to assess the risk to the investment;
- (b) When determining terms of financial instruments applicable to both public and private operations, the following factors will need to be taken into account:
  - (i) The average concessionality or grant element of the financial inputs to GCF and the average concessionality or grant element of financial instruments of GCF;
  - (ii) The grant element of concessional finance will be tailored to provide the appropriate incentive to facilitate the implementation of mitigation and adaptation activities;
  - (iii) Concessional forms of finance will be designed to minimize market distortions and potential disincentives to private investment;
  - (iv) The expertise and capacity of financial intermediaries and implementing entities; and
  - (v) The risk sharing between public and private investment, when relevant.

#### **V. Review findings and recommendations**

7. Based on the terms of reference adopted by the Board in decision B.15/05, a consulting firm (Nodalis Conseil) was engaged to support the work of the review. The executive summary of the review from the consultant is attached as annex VII. The scope of the review covered funding proposals approved by the Board up to and during the seventeenth meeting of the Board. The key findings of the review are provided below.

8. For public sector projects:

- (a) The portfolio-level review demonstrated that Board guidelines have broadly been met in terms of adaptation allocation for vulnerable countries, geographical balance and engagement with the private sector;
- (b) While a larger share of nominal GCF resources went to private funding proposals, in grant-equivalent terms a larger share went to the public sector proposals;
- (c) Board decisions do not provide guidance to accredited entities (AEs) preparing funding proposals, neither on how to choose between grants and concessional loans, nor on how to choose between the two types of concessional loans; and

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- (d) Due to a lack of quantitative analysis for the selection of a specific level of concessionality, the lack of a clear rationale for the GCF-level of concessionality requested, and the rare use of arguments related to the level of indebtedness of the recipients, the project-level analyses indicate potential issues with Board-approved guidelines (“principles”) on the choice of instrument and on instrument terms and conditions.
9. For private sector projects:
- (a) The review did not identify issues of non-compliance with Board-approved guidelines on the choice of instrument and on instrument terms and conditions; and
- (b) Risks stemming from the lack of mechanisms to ensure that GCF concessionality is effectively transferred down to the intended beneficiaries.
10. Practices at other institutions:
- (a) Most development financing institutions rely solely or at least partly on country-based criteria, such as the level of indebtedness or the gross domestic product of the recipient countries to determine the types of instruments that can be extended, and the terms and conditions of their instruments or a mixed approach combining country and other criteria;
- (b) Financial institutions such as the Global Environment Facility (GEF) and the Clean Technology Fund (CTF) adopt a project-specific barrier-based approach;
- (c) GCF, GEF and CTF loans are similar for the highest level of concessionality, but the low level of concessionality of GCF loans is slightly lower than the International Development Association standard conditions for blend countries, and lower than the low level of concessionality of other institutions;
- (d) Several private sector-focused development finance institutions determine financial terms and conditions and concessionality in a similar fashion on a case-by-case basis, following an analysis of the barriers preventing private investment in the project with margin spreads, which are usually based on internal ratings that include a country risk and a project risk element; and
- (e) The International Finance Corporation has instituted since 2012 an independent Blended Finance Committee to review projects that request the use of concessional instruments.
11. The Secretariat notes that the following main recommendations arising from the review have already been implemented/are under implementation:
- (a) Development of a grant equivalent calculator with a clear methodology to measure the level of concessionality needed;
- (b) Adoption of a uniform approach to measuring concessionality that would also allow for better comparability between private and public sector projects;
- (c) Clearer differentiation of policies and guidelines to enhance the readability of policies and guidelines for AEs;
- (d) Provision of more guidance by GCF to AEs to enhance process predictability for all types of projects;
- (e) Adjustment of the proposal review process, including the timing of intervention by the independent Technical Advisory Panel, so that basic design issues can be raised and resolved earlier;
- (f) Implementation of a phased approach for large one-off proposals of a programmatic nature; and
- (g) Continuation of the determination of the financial terms and conditions of private sector projects on a case-by-case basis.
12. In addition, based on the review, the Secretariat considers that the following recommendations require further consideration:
- (a) Definition and communication of a set of criteria to assist AEs in choosing the level of concessionality granted to a project or programme proposal; and
- (b) Differentiation of the level of scrutiny required on concessionality between pilot, scale-up and one-off funding proposals.

## VI. Conclusion

13. The Secretariat will continue to review the financial terms and conditions of the GCF financial instruments, as set out in annex II to decision B.09/04, based on the terms of reference to be agreed with the Investment Committee.

14. The Investment Committee proposes to update the terms of reference of the review of the financial terms of conditions of the GCF financial instruments. In updating the terms of reference, the committee also took note of the review of the financial terms and conditions and recommends that the Secretariat continue to review the financial

terms and conditions of the GCF financial instruments as set out in annex II to decision B.09/04 based on the updated terms of reference as set out in annex I to this document.

### **DECISION B.15/05: Adoption of terms of reference for the review of the financial terms and conditions of the Fund's financial instruments**

The Board, having considered document GCF/B.15/09 titled "Terms of reference for the annual review of the financial terms and conditions of the Green Climate Fund financial instruments":

- (a) Adopts the terms of reference<sup>1</sup> for the review of the financial terms and conditions of the Green Climate Fund's financial instruments contained in annex I<sup>2</sup> to this document; and
- (b) Requests the Secretariat to carry out such a review, with support from external consultants and in consultation with the Investment Committee, with the aim of submitting a review report to the Board at its sixteenth meeting, and no later than its seventeenth meeting.

### **DECISION B.12/17: Consultation on policy in public sector proposals demonstrating high-level concessional terms and the low-level concessional terms**

The Board,

- (a) Decides to defer its consideration of the policy regarding the cases in which the high-level concessional terms and the low-level concessional terms for public sector proposal will apply, no later than its sixteenth meeting, which will be held in 2017, noting that in the interim they will be applied on a case-by-case basis per decision B.09/04 and annex III to decision B.05/07;
- (b) Requests the Co-Chairs to consult with Board members and alternate Board members, the Risk Management Committee, the Investment Committee and external stakeholders, including accredited entities, in order to provide a recommendation based on lessons learned from the current application of financial terms and conditions, to the extent available, and in line with the set of guiding principles and factors for determining terms of financial instruments as outlined in annex III to decision B.05/07, for consideration by the Board at its fifteenth meeting; and
- (c) Requests the Co-Chairs with the support of the Secretariat to summarize the outcome of their consultations and to propose a draft decision in a written report to be transmitted to the Board in line with the Rules of Procedure of the Board.

### **DECISION B.12/15: Annual review of financial terms and conditions**

The Board,

- (a) Decides to defer the annual review of financial terms and conditions to its sixteenth meeting, which will be held in 2017; and
- (b) Requests the Investment Committee to provide the draft terms of reference for the annual review for consideration by the Board at its fifteenth meeting.

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<sup>1</sup> The revised terms of reference for the review of the financial terms and conditions of the GCF financial instruments could be found at the following link: \*DECISION B.BM-2019/08: Adoption of revised terms of reference for the review of the financial terms and conditions of the GCF financial instruments

<sup>2</sup> Annex I to decision B.15/05 could be found at the following link:  
[https://www.greenclimate.fund/documents/20182/490910/GCF\\_B.15\\_24 -  
Decisions of the Board fifteenth meeting of the Board 13-15 December 2016.pdf/8726fc1c-15fc-4a2e-90fb-23267b3f8ea5](https://www.greenclimate.fund/documents/20182/490910/GCF_B.15_24_-_Decisions_of_the_Board_fifteenth_meeting_of_the_Board_13-15_December_2016.pdf/8726fc1c-15fc-4a2e-90fb-23267b3f8ea5)

**DECISION B.10/03: Further work on level of concessional terms for the Public Sector**

The Board, having reviewed document GCF/B.10/06 Level of Concessional Terms for the Public Sector:

Requests the Risk Management Committee, with the support of the Secretariat, to present a revised document on this matter for the Board's consideration at its twelfth meeting.

**\*DECISION B.09/04: Adoption of the financial terms and conditions of grants and concessional loans**

The Board, having reviewed document GCF/B.09/08 Financial Terms and Conditions of the Fund's Instruments:

- (a) Notes that the Fund will provide grants both with and without repayment contingency;
- (b) Adopts the financial terms and conditions of grants and concessional loans as contained in Annex II to this document;
- (c) Decides that use of grants with repayment contingency shall be limited to the private sector and that their terms and conditions shall be determined on a case-by-case basis;
- (d) Also decides that the Fund will use differentiated terms for outgoing concessional loans to the public sector following the principles and factors set out in Annex III to decision B.05/07;
- (e) Further decides the financial terms and conditions for non-grant instruments to the public sector, other than concessional loans, will be established on a case-by-case basis;
- (f) Decides that all non-grant instruments extended to the private sector shall be determined on a case-by-case basis, taking into consideration Annex III to decision B.05/07 and section III in Annex XIV to decision B.07/06;
- (g) Notes the need for the Fund, when making funding decisions, to consider the terms and conditions of the proposed financial instruments by the Accredited Entity to the recipient, as well as the financial terms and conditions of the financial instruments being requested from the Fund;
- (h) Decides to review the financial terms and conditions of the Fund's instruments on an annual basis;
- (i) Requests the Secretariat to prepare and submit for the Board's consideration at its tenth meeting a brief guideline on the application of the case-by-case provisions in the financial terms and conditions of the Fund's instruments; and
- (j) Decides to consider at the tenth meeting of the Board a proposal regarding the cases in which the high level concessional terms and the low level concessional terms in Annex II, table 2, for public sector proposal will apply.

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### Annex II: Financial terms and conditions of grants and concessional loans

The Fund's financial terms and conditions of grants and concessional loans are outlined in the tables 1 and 2.

Table 1: Terms and conditions of outgoing grants

	Currency	Interest rate	Maturity	Grace period
Grants	<u>Major convertible currency</u>	Grants without repayment contingency: no reimbursement required <sup>1</sup> Grants with repayment contingency: terms adapted to the required concessionality of the project or programme		

Table 2: Terms and conditions of outgoing concessional loans to the public sector

	Currency	Maturity (years)	Grace period (years)	Annual principal repayment years 11–20/6–20 (% of initial principal)	Annual principal repayment years 21–40 (% of initial principal)	Interest	Service fee (per annum)	Commitment fee (per annum)
High concessionality	Major convertible currency	40	10	2%	4%	0.00%	0.25%	Up to 0.50%
Low concessionality	Major convertible currency	20	5	6.7%	NA	0.75%	0.50%	Up to 0.75%

<sup>1</sup> All grants will be subject to an obligation for repayment if the recipient is found to be in material breach of its contractual obligations towards the Fund or involved in a material violation of the Fund's integrity or fiduciary standards, including those on corruption and fraud.

### **\*DECISION B.08/12: Use of other financial instruments**

The Board, having considered document GCF/B.08/12 Use of Other Financial Instruments:

- (a) Notes that the use of other financial instruments to support the objectives of the Fund is in line with the Fund's allocation criteria contained in the investment framework;
- (b) Decides that accredited entities shall list, as part of their application for accreditation, the range of financial instruments that they have the capacity and expertise to deploy;
- (c) Decides that the Fund will work through accredited implementing entities and intermediaries, who may deploy the resources in approved projects and programmes by using financial instruments, focusing on grants, concessional loans, equity, and guarantees;
- (d) Requests the Risk Management Committee to assess and monitor risks related to the implementation of the Fund's projects or programmes by accredited implementing entities or intermediaries, in accordance with the Fund's Risk Management Framework; and
- (e) Requests the Secretariat to carry out a review of lessons learned from the deployment of additional financial instruments within 36 months, under the oversight of the Risk Management Committee.

### **DECISION B.06/12: Further work on financial terms and conditions of grants and concessional loans**

The Board, having considered document GCF/B.06/16 Financial Terms and Conditions of Grants and Concessional Loans:

Requests the Secretariat to revise document GCF/B.06/16 for the seventh Board meeting, taking into account the ongoing work on the financial risk management and investment frameworks.

### **\*DECISION B.05/07: Financial Instruments – adoption of principles and factors for the terms and conditions of grants and concessional loans**

The Board having reviewed document GCF/B.05/07 Terms and Criteria for Grants and Concessional Loans:

- (a) Decides to adopt, for the initial operationalization of the Fund, the principles and factors for the terms and conditions of grants and concessional loans, as contained in Annex III to this document;
- (b) Takes note of the criteria for the terms and conditions of grants and concessional loans, as contained in Annex IV to this document;
- (c) Requests the Secretariat to develop terms and conditions of grants and concessional loans for consideration by the Board at its first meeting in 2014, guided by these principles and criteria, and taking into consideration progress on the business model framework; and
- (d) Further requests the Secretariat to prepare a document for consideration by the Board at its third meeting in 2014 on the use of other financial instruments.

#### Annex III: Guiding principles and factors for determining terms of financial instruments

##### **(a) Guiding principles applicable to public and private sector operations:**

- (i) Grant elements should be tailored to incremental cost or the risk premium required to make the investment viable, or to cover specific activities such as technical assistance;
- (ii) Seeking the right level of concessionality, so as not to displace investments that would otherwise have occurred, including for private sector investment;

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- (iii) Levels of indebtedness capacity of the recipient should be taken into account so as not to encourage excessive indebtedness;
  - (iv) Structure terms on a case-by-case basis to address specific barriers;
  - (v) Avoid crowding out commercial financing;
  - (vi) Leveraging of other financing, including public and private financing, seeking to maximise leverage in the case of private financing;
  - (vii) Promote long-term financial sustainability; and
  - (viii) Apply due diligence to assess the risk to the investment.
- (b) When determining terms of financial instruments applicable to both public and private operations, the following factors will need to be taken into account:**
- (i) The average concessionality or grant element of the financial inputs to the Fund and the average concessionality or grant element of financial instruments of the Fund;
  - (ii) The grant element of concessional finance will be tailored to provide the appropriate incentive to facilitate the implementation of mitigation and adaptation activities;
  - (iii) Concessional forms of finance will be designed to minimize market distortions and potential disincentives to private investment;
  - (iv) The expertise and capacity of financial intermediaries and implementing entities; and
  - (v) The risk sharing between public and private investment, when relevant.

### Annex IV: Basic criteria and indicative parameters

1. The three basic criteria and the related indicative parameters detailed below are intended to be used in considering the terms and conditions of instruments deployed by the Fund for mitigation and adaptation, including the private sector.

#### **I. Contribution to the results areas of the Fund**

2. Expected results, type, level and timing of impact towards the shift to low-emission and/or climate-resilient development pathways from the proposed activity.

##### 1.1 Results: Areas and impact

###### Result areas

3. Impact (description and/or quantification of expected results), in terms of:

- (a) Scope (programmatic or project-based);
- (b) Paradigm shift (contribution to a paradigm shift);
- (c) Market impact (minimize market distortion for private sources of finance, minimize market distortion from use of public resources, maximize positive market externalities and maximize predictability);
- (d) Integration (coherence and complementarity with relevant standards and safeguards);
- (e) Co-benefits and costs associated with the proposal.

##### 1.2 Types of activities

- (a) Programmatic-based (description of how the proposal will support expected results);
- (b) Project-based (description of how the proposal will support the expected results);
- (c) Capacity building and readiness (description of how the proposal will support the expected results);
- (d) Policy based

##### 1.3 Level(s): Geographical scope of activities

- (a) International;
- (b) Regional;
- (c) National;
- (d) Sub-national.

##### 1.4 Timing: Timeframe of the impact of activities

- (a) Near term;

(b) Medium term;

(c) Long term.

### II. Viability of implementation

4. Likelihood of success, in particular:

(a) Track record (relevant experience of intermediary);

(b) Context (description of key policies, regulatory and/or market environment factors that will affect the delivery of results);

(c) Stakeholders (map of key actors and interests, demand for proposal and alignment of interests);

(d) Risk management (identification of key risks and mitigation/management approach for each); and

(e) Funding structure (description of funding structure).

### III. Efficient and catalytic use of resources

(a) Budget (proposed budget using a specified template);

(b) Efficient use of resources (explanation for the needed level of resources from the Fund, including an analysis of why lower funding would not be sufficient to achieve the desired results and an explanation of what would otherwise happen without access to the Fund's resources); and

(c) Catalytic use of resources (description of confirmed and potential sources of co-funding, including an estimate of the amount of co-funding and the probability of realization for each source).

## DECISION B.04/07: Financial Instruments

The Board:

Decided to consider the terms and criteria of the grants and concessional lending to be deployed by the Fund for mitigation and adaptation through accredited national, regional and international intermediaries and implementing entities at its September 2013 meeting.

## RESULTS MANAGEMENT FRAMEWORK

### DECISION B.22/13: Action to be taken in response to the IEU Review of the Results Management Framework

The Board, having considered document GCF/B.22/07/Add.01 titled "Results management framework: Independent Evaluation Unit recommendations to improve the Initial Results Management Framework – Addendum I: Secretariat management response":

(a) Takes note of the Secretariat management response and proposed action plan contained in document GCF/B.22/07/Add.01, including actions currently being undertaken by the Secretariat to strengthen results management;

(b) Requests the Secretariat to present for the Board's consideration a revised results management framework and updated performance management frameworks from those adopted by decisions B.07/04 and B.08/07, respectively, no later than the twenty-fourth meeting of the Board, that integrate relevant Board decisions, policies and frameworks related to results management across the GCF process cycles, to the extent possible, including developing measurement, reporting and verification systems/methodologies for indicators in consultation with the relevant experts and thematic bodies, as mentioned in the summary and narrative recommendations of the Independent Evaluation Unit contained in document GCF/B.22/07;

(c) Also requests the Secretariat to develop, for the Board's consideration at its twenty-third meeting, a proposal to respond to gaps in the current portfolio for measurement and

evaluation design and/or evidence generation, including delivery modalities and a proposed budgetary estimate; and

- (d) Further requests the Secretariat to ensure that accredited entities should adequately budget costs related to data collection and baseline assessment as part of project costs to establish credibility of results reporting.

(Note: The Secretariat management response to the Independent Evaluation Unit referred to in Decision B.22/13 could be found at the following links: [https://www.greenclimate.fund/documents/20182/1424894/GCF\\_B.22\\_07\\_Add.01\\_-\\_Results\\_management\\_framework\\_Independent\\_Evaluation\\_Unit\\_recommendations\\_to\\_improve\\_the\\_Initial\\_Results\\_Management\\_Framework\\_\\_Addendum\\_I\\_Secretariat\\_management\\_re.pdf/60a4e40e-c08e-ccd3-4acf-2739d61c0a5b](https://www.greenclimate.fund/documents/20182/1424894/GCF_B.22_07_Add.01_-_Results_management_framework_Independent_Evaluation_Unit_recommendations_to_improve_the_Initial_Results_Management_Framework__Addendum_I_Secretariat_management_re.pdf/60a4e40e-c08e-ccd3-4acf-2739d61c0a5b))

### **\*DECISION B.22/12: IEU Review of the Results Management Framework**

The Board, having considered document GCF/B.22/07 titled “Results management framework: Independent Evaluation Unit recommendations to improve the Results Management Framework: Final Report”:

- (a) Takes note of the findings and recommendations presented in the Independent Evaluation Unit report;
- (b) Also takes note of the Secretariat management response to the Independent Evaluation Unit report in document GCF/B.22/07/Add.01; and
- (c) Directs that the Secretariat present to the Board at its twenty-fourth meeting a report on the implementation of the Independent Evaluation Unit recommendations.

(Note: The Independent Evaluation Unit report, contained in document GCF/B.22/07, referred to in Decision B.22/12 could be found at the following link: [https://www.greenclimate.fund/documents/20182/1424894/GCF\\_B.22\\_07\\_-\\_Results\\_management\\_framework\\_Independent\\_Evaluation\\_Unit\\_recommendations\\_to\\_improve\\_the\\_Results\\_Management\\_Framework\\_-\\_Final\\_Report.pdf/e65a3ff1-0b16-1224-ed73-840a6a7f2736](https://www.greenclimate.fund/documents/20182/1424894/GCF_B.22_07_-_Results_management_framework_Independent_Evaluation_Unit_recommendations_to_improve_the_Results_Management_Framework_-_Final_Report.pdf/e65a3ff1-0b16-1224-ed73-840a6a7f2736))

### **DECISION B.13/34: Deferral of consideration of further development of indicators in the performance measurement frameworks**

The Board, having considered document GCF/B.13/26 titled “Further development of some indicators in the performance measurement frameworks”,

Decides to defer consideration of further development of some indicators in the performance measurement frameworks as contained in document GCF/B.13/26 to the fourteenth meeting of the Board.

### **DECISION B.12/33: Consultation on indicators in the performance measurement of frameworks**

The Board, having considered document GCF/B.12/13 titled “Further development of indicators in the performance measurement frameworks”,

- (a) Decides to defer consideration of further development of indicators in the performance measurement frameworks as contained in document GCF/B.12/13 to the thirteenth meeting of the Board;
- (b) Invites submissions from Board members and alternate Board members, as well as active observers, on document GCF/B.12/13 no later than 10 April 2016; and
- (c) Requests the Secretariat to facilitate a technical consultation on document GCF/B.12/13 prior to the consideration by the Board of this matter at its thirteenth meeting.

### **DECISION B.09/02: GCF investment opportunities and alignment of the portfolio with the results management framework**

The Board, having considered document GCF/B.09/06 Analysis of the Expected Role and Impact of the Green Climate Fund,

- (a) Takes note of the findings of the analysis undertaken by the Secretariat, including illustrative investment opportunities in the Fund's results areas; and
- (b) Requests the Secretariat to monitor the portfolio, report to the Board, and recommend needed actions, in order to align the portfolio composition with the initial results management framework as contained in decision B.07/04 when the portfolio reaches US\$ 2 billion, but no later than two years after the first funding decision.

**\*DECISION B.07/04: Adoption of the elements of the initial results management framework of the GCF**

The Board, having reviewed document GCF/B.07/04 Initial Results Management Framework of the Fund:

- (a) Affirms that the elements of the initial results management framework of the Fund contained in this decision complement decision B.05/03, including the initial result areas of the Fund referred to in that decision, as contained in Annex I to document GCF/B.05/23, as well as the performance indicators of the initial result areas of the Fund also referred to in that decision, as contained in Annex II of document GCF/B.05/23;
- (b) Adopts the elements of the initial results management framework of the Fund as outlined hereunder:
  - (i) Levels of the logic model:
    - Paradigm shift objective
    - Impacts (Fund level)
    - Project/Programme outcomes
    - Project/Programme outputs
    - Activities
    - Inputs
  - (ii) Initial mitigation logic model:
    - 1) Paradigm shift objective for mitigation:
      - Shift to low-emission sustainable development pathways;
    - 2) Fund level impacts for mitigation:
      - 1.0 Reduced emissions through increased low-emission energy access and power generation;
      - 2.0 Reduced emissions through increased access to low-emission transport;
      - 3.0 Reduced emissions from buildings, cities, industries and appliances;
      - 4.0 Reduced emissions from land use, deforestation, forest degradation, and through sustainable forest management and conservation and enhancement of forest carbon stocks;
    - 3) Project/programme level outcomes for mitigation:
      - 5.0 Strengthened institutional and regulatory systems for low-emission planning and development;
      - 6.0 Increased number of small, medium and large low-emission power suppliers;
      - 7.0 Lower energy intensity of buildings, cities, industries, and appliances;
      - 8.0 Increased use of low-carbon transport;

- 9.0 Improved management of land or forest areas contributing to emissions reductions;
- (iii) Initial adaptation logic model:
- 1) Paradigm shift objective for adaptation:
    - Increased climate-resilient sustainable development
  - 2) Fund level impacts for adaptation:
    - 1.0 Increased resilience and enhanced livelihoods of the most vulnerable people, communities, and regions;
    - 2.0 Increased resilience of health and well-being, and food and water security;
    - 3.0 Increased resilience of infrastructure and the built environment to climate change threats;
    - 4.0 Improved resilience of ecosystems and ecosystem services;
  - 3) Project/programme level outcomes for adaptation:
    - 5.0 Strengthened institutional and regulatory systems for climate-responsive planning and development;
    - 6.0 Increased generation and use of climate information in decision-making;
    - 7.0 Strengthened adaptive capacity and reduced exposure to climate risks;
    - 8.0 Strengthened awareness of climate threats and risk-reduction processes;
- (c) Adopts the following core indicators for mitigation:
- 1) Tonnes of carbon dioxide equivalent (tCO<sub>2</sub>eq) reduced as a result of Fund-funded projects/programmes;
  - 2) Cost per tCO<sub>2</sub>eq decreased for all Fund-funded mitigation projects/programmes;
  - 3) Volume of finance leveraged by Fund funding, disaggregated by public and private sources;
- (d) Adopts the following core indicator for adaptation:
- Total number of direct and indirect beneficiaries; number of beneficiaries relative to total population;
- (e) Confirms that performance measured at the paradigm shift and impact levels refers to the aggregate project/programme-based results of the Fund;
- (f) Acknowledges that the inputs, activities, and outputs will be defined for each project/programme on a case-by-case basis;
- (g) Takes note of the initial performance indicators in Annex IX and Annex X to this document;
- (h) Affirms that national and sector-wide indicators will be used only at the discretion of the recipient country;
- (i) Decides that the results management framework should take a gender-sensitive approach and that the results should be disaggregated by gender where relevant;
- (j) Requests the Secretariat to further develop the mitigation and adaptation performance measurement frameworks of the Fund, engaging international experts as required, for the Board to consider at its third meeting of 2014, including an approach to gender, indicators

on mitigation and adaptation, and methodologies, data sources, frequency, and responsibilities for reporting;

- (k) Further requests the Secretariat to develop a logic model and performance framework for ex-post REDD+ results-based payments, in accordance with the methodological guidance in the Warsaw framework for REDD+, for consideration at the third Board meeting of 2014.

(Note: Annexes IX and X mentioned in decision B.07/04 can be found at the following link: [https://www.greenclimate.fund/documents/20182/24943/GCF.B.07.11-Decisions\\_of\\_the\\_Board\\_-\\_Seventh\\_Meeting\\_of\\_the\\_Board\\_18-21\\_May\\_2014.pdf/73c63432-2cb1-4210-9bdd-454b52b2846b](https://www.greenclimate.fund/documents/20182/24943/GCF.B.07.11-Decisions_of_the_Board_-_Seventh_Meeting_of_the_Board_18-21_May_2014.pdf/73c63432-2cb1-4210-9bdd-454b52b2846b))

### ANTI-MONEY LAUNDERING AND COUNTERING THE FINANCING OF TERRORISM

#### **\*DECISION B.23/15: Adoption of the Standards for the Implementation of the Anti-Money Laundering and Countering the Financing of Terrorism Policy**

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.

### 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

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IIU along with a recommendation by IIIU. 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);

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- (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;
  - (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;

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- (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:

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- (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 residual<sup>1</sup> 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") tool<sup>2</sup> 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

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<sup>1</sup> Refers to expected, non-exceptional risks in day-to-day operations.

<sup>2</sup> 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.

- (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.

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 structure<sup>3</sup> 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.

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<sup>3</sup> 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.

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.
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.

### **\*DECISION B.18/10: Adoption of Anti-Money Laundering and Countering the Financing of Terrorism Policy**

The Board, having considered document GCF/B.18/20 titled "Anti-Money Laundering and Countering the Financing of Terrorism Policy":

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- (a) Adopts the “Anti-Money Laundering and Countering the Financing of Terrorism Policy” contained in annex XIV to this document;
- (b) Requests the Head of the Independent Integrity Unit, under the supervision of the Ethics and Audit Committee, to develop the standards for the implementation of the Anti-Money Laundering and Countering the Financing of Terrorism Policy for consideration by the Board by its twentieth meeting; and
- (c) Authorizes the Ethics and Audit Committee to address issues that may arise in the implementation of this policy.

### Annex XIV: Anti-Money Laundering and Countering the Financing of Terrorism Policy

#### **I. Introduction**

1. The objective of the Green Climate Fund (GCF) is to contribute to the achievement of the ultimate objective of the United Nations Framework Convention on Climate Change (UNFCCC). In the context of sustainable development, the GCF will promote 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.
2. The GCF is committed to the highest ethical standards regarding Anti-Money Laundering (AML) and Countering the Financing of Terrorism (CFT) consistent with the Financial Action Task Force (FATF) recommendations in its “International Standards on Combating Money Laundering and the Financing of Terrorism & Proliferation”. This AML/CFT Policy (the Policy) aims to safeguard the GCF against Money Laundering (ML) and the Financing of Terrorism (FT or TF). The Policy outlines the principles and minimum standards of internal AML/CFT controls which should be adhered to by the GCF to mitigate reputational, regulatory, legal and financial loss risks.
3. This Policy is further to the Board Decisions in GCF/B.12/31, paragraph (i) and GCF/B.14/01, paragraph (e). It is part of a broader set of policies aimed at ensuring that GCF funds are used in line with its objective, and it lays out a set of basic principles for guidance. To operationalize this Policy, a detailed ‘AML/CFT Standard’ will be developed which will define the implementation procedures.

#### **II. Scope and applicability**

4. The staff of the GCF, its governing bodies and every other person working for the GCF (i.e. Covered Individuals) are required to adhere to this Policy to protect the GCF, and its reputation, from being misused for ML and/or TF by ensuring that they discharge their responsibilities in a manner that enables the full implementation of this Policy.
5. The GCF shall apply this Policy to its relationship with its Counterparties. Accredited entities shall, taking into account the nature and type of the entity, apply their own “Know-Your-Customer” and AML/CFT standards over their Counterparties, e.g., executing entities, implementing entities, or any other entity or person involved in the project implementation in accordance with their own policies and procedures.
6. The GCF shall take steps to ensure that Accredited Entities, and all other entities that participate in the implementation of GCF activities, have policies that are consistent with the GCF’s AML/CFT Policy.

#### **III. Principles**

7. In the context of its overriding objective to provide support to developing countries for the achievement of the goals of the UNFCCC, and with due regard to its fiduciary responsibilities, GCF shall ensure that its funds are not used to finance any illegal acts related to Money Laundering or Terrorist Financing.
8. The Policy shall be consistent with the relevant United Nations (UN) Conventions and Recommendations of the FATF.
9. GCF shall take steps to encourage its counterparties to adopt policies and procedures that are consistent with the principles set out in this Policy, with the purpose of safeguarding GCF resources from being used for Money Laundering or the Financing of Terrorism.
10. GCF Counterparties shall be responsible for identifying and mitigating the risks of Money Laundering and Terrorist Financing in deploying and managing GCF resources.

#### **IV. Purpose and objectives**

11. The purpose of the Policy is to provide principles and guidance regarding AML/CFT requirements and risks and to meet the following objectives:
  - (a) Prevent the abuse of the GCF’s resources for ML and/or FT;

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- (b) Meet applicable legal requirements and international standards in jurisdictions where the GCF and its Counterparties operate;
- (c) Mitigate any reputational risk;
- (d) Support the establishing and/or strengthening of capacities in countries to meet the GCF's fiduciary standards regarding AML/CFT
- (e) Guard 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) Exercise due diligence when dealing with Counterparties, persons appointed to act on behalf of Counterparties and connected parties of the Counterparties; and
- (g) Continuously review and update its AML/CFT Policy and its corresponding AML/CFT Standard as threats and international standards evolve to prevent and detect ML and/or FT.

### V. Definitions

12. For the purposes of this Policy the following terms shall have the meaning set out below:

- (a) Beneficial Owner means the natural person(s) who ultimately owns or controls a customer and/or the natural person on whose behalf transaction is being conducted. It also includes those persons who exercise ultimate effective control over a legal person or arrangement.
- (b) Board means the Board of the GCF.
- (c) Counterparty is any party that contributes to, executes, implements, bids for, or in any way participates in, GCF-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 this policy) any entity within the Secretariat that directly disburses GCF resources including for the Readiness and Preparatory Support Programme.
- (d) Counterparty Due Diligence (CDD) is a process to identify and verify the true identity of the Counterparty. This would enable the Fund to assess and evaluate the extent of ML/TF risk associated with the proposed Counterparty.
- (e) Covered Individuals means individuals working at any level or grade within the GCF, including (but not limited to) the Executive Director, management and staff of the GCF, and other individuals contracted by the GCF.
- (f) Financing of Terrorism or Terrorist Financing (TF) 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.
- (g) Money Laundering (ML) refers to:
  - (i) The conversion or transfer of property, knowing that such property is derived from 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;
  - (ii) 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;
  - (iii) The acquisition, possession or use of property, knowing at the time of receipt that such property was derived from a criminal offence.
- (h) Policy on Prohibited Practices refers to the GCF's Interim Policy on Prohibited Practices as adopted in B.12/32.
- (i) Risk Based Approach (RBA) to AML/CFT is the process of identifying, assessing and understanding ML/TF risks to which the GCF is exposed and to take measures commensurate to those risks to mitigate them effectively.
- (j) Tipping-off means disclosing the fact to the Counterparty that a suspicious transaction or related information is filed with management or the authorities.

### VI. Key provisions

13. The GCF shall adopt and implement a continuous risk-based approach (RBA) to identify, assess and understand its ML and TF risks. It shall also ensure measures to mitigate ML and/or TF are commensurate with the risks identified, enabling decisions on how to allocate its resources in the most effective way.

14. Under this approach, it will adhere to the following to manage AML/CFT risk:

- (a) Due diligence

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- (i) The GCF shall apply the Counterparty Due Diligence (CDD) measures, as determined on a risk-based basis, considering the type of counterparty, counterparty relationship, financial instrument and country of operation.
- (ii) The GCF shall identify and verify the identity of its Counterparties (including their beneficial owners) with which the GCF enters a counterparty relationship.
- (b) Counterparty relationships
  - (i) 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 TF.
    1. The GCF will not engage with, and will terminate the existing Counterparty relationship if any, with: Counterparties who do not cooperate with its CDD effort
    2. Counterparties engaged in activities prohibited under the GCF's Policy on Prohibited Practices;<sup>4</sup> or
    3. Counterparties who are currently under any financial sanctions imposed by United Nations.
- (c) Monitoring: It shall be the responsibility of the Independent Integrity Unit to monitor the implementation of the policy.
- (d) Reporting: Any suspicious information or red flag that comes to the knowledge of a Covered Individual indicating ML/TF must be immediately reported by such Covered Individual to the Independent Integrity Unit without informing the Counterparty or other third parties ("Tipping Off") that a suspicious activity is being reported or investigated.
- (e) Record keeping: The GCF shall keep for at least 5 (five) years all records obtained through CDD measures and documentation regarding counterparty relations and executed transactions, and correspondence with the Counterparty.
- (f) Confidentiality: The GCF will ensure the information on Counterparties and transactions obtained while fulfilling AML/CFT requirements is kept confidential.
- (g) Implementation: The GCF will develop further documentation and guidance (AML/CFT Standard or Procedures) to implement and better enable Covered Individuals to follow this Policy.
- (h) Review: The GCF will review and examine its AML/CFT Policy and maintain an effective implementation of the AML/CFT Policy for the GCF's activities reflecting international best practices, consistent with evolving FATF Recommendations and changing requirements.

### VII. Key responsibilities

- 15. Board: The Board is responsible for ensuring governance and oversight of the GCF's risk management framework and controls regarding ML and FT.
- 16. Internal Audit: The Internal Audit unit shall, in accordance with its own mandate, provide such support as may be required by the Independent Integrity Unit to monitor adherence to the AML/CFT Policy.
- 17. Secretariat of the GCF: The IIU and the Secretariat will cooperate to ensure effective implementation of this policy, with responsibilities allocated in accordance with their respective mandates.
- 18. Staff of the GCF and associated persons: Staff members, consultants and other associated persons shall be responsible for:
  - (a) Complying with the GCF's AML/CFT Policy, standard and controls;
  - (b) Familiarizing themselves with and acting in accordance with relevant GCF processes and procedures to manage AML/CFT compliance; and
  - (c) Reporting to the Independent Integrity Unit without undue delay any suspicions (or actual occurrences) or red flags of ML/TF activities.

### VIII. Amendment to the Policy

- 19. The Board shall approve the implementation of the AML/CFT Policy and any amendments thereto.

### IX. Review

- 20. This Policy shall be reviewed at such intervals as required, to reflect international best practices, consistent with evolving FATF recommendations or as otherwise required by the Board.

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<sup>4</sup> Sections 4 and 5 of the GCF Interim Policy on Prohibited Practices, GCF/B.12/32

### RISK MANAGEMENT FRAMEWORK

#### **\*DECISION B.23/14: Adoption of the risk management framework component VIII – compliance risk policy**

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.

#### 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”<sup>1</sup>. 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.<sup>2</sup> 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 Personnel<sup>3</sup>, 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;<sup>4</sup>
- (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.

6. To further detail the compliance risks and fully define the scope, the Secretariat shall develop a list of relevant compliance risk events<sup>5</sup> 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

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

<sup>2</sup> Decision B.BM-2015/06.

<sup>3</sup> 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.

<sup>4</sup> 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.

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

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.<sup>6</sup>
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.
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

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<sup>6</sup> 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).

- (ii) The control oversight responsibility is designated to the most appropriate function identified as an outcome of the compliance risk assessment;<sup>7</sup>
- (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 processes<sup>8</sup> include:
    - (1) Accreditation and entity relationship management;
    - (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 processes<sup>9</sup> 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.

##### 5.1 Risk identification

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<sup>7</sup> 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.

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

<sup>9</sup> Please note the list of administrative business processes is not exhaustive.

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 annual<sup>10</sup> compliance risk assessment<sup>11</sup> and in alignment with the risk control self-assessment.<sup>12</sup>

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.<sup>13</sup>

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 matrix<sup>14</sup> of GCF.

### 5.3 Controls management – investment-related business processes

#### 5.3.2 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.

#### 5.3.3 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;<sup>16</sup>
- (c) Perform these functions, in conjunction with the Second Level, based on the results of the compliance risk assessment and any other assessment<sup>17</sup> 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.

#### 5.3.4 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

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

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

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

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

<sup>14</sup> The compliance risk matrix summarizes the compliance risk assessment across all compliance risk events.

<sup>15</sup> Some accreditation master agreements may not have this requirement.

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

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

of implementation to the Second Level and be responsible for collecting the relevant data and information necessary to implement these controls.

### 5.3.5 **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.

### 5.3.6 **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;
- (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.<sup>18</sup>

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 (OED)<sup>19</sup> and the Risk Management

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

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

Committee (RMC), except for areas related to AML/CFT and other prohibited practices.<sup>20</sup> 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 mitigation<sup>21</sup>

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

#### 5.7.7 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;
- (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.

#### 5.7.8 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

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<sup>20</sup> 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.

<sup>21</sup> 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.

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.

**\*DECISION B.19/04: Adoption of investment risk policy, non-financial risk policy, and funding risk policy, and updating the risk dashboard**

The Board, having reviewed document GCF/B.19/19 titled “Risk management framework: Proposal by the Risk Management Committee”:

- (a) Adopts the second set of components of the risk management framework as contained in annexes IV to VI to this document as follows:
  - (i) Risk management framework component V – investment risk policy, as set out in annex IV;
  - (ii) Risk management framework component VI – non-financial risk policy, as set out in annex V; and
  - (iii) Risk management framework component VII – funding risk policy, as set out in annex VI;
- (b) Decides to update component III of the risk management framework “Risk dashboard – revised reporting on concentration” as set out in annex VII to this document;
- (c) Requests the Secretariat to publish the updated risk dashboard every quarter hereafter;
- (d) Recognizes that the risk management framework will evolve over time and shall be subject to reviews and revisions as stated in each individual component of the risk management framework and that any resulting revisions of a material and/or substantive nature shall be presented to the Board for its consideration and approval.

Annex IV: Investment risk policy

**I. Introduction**

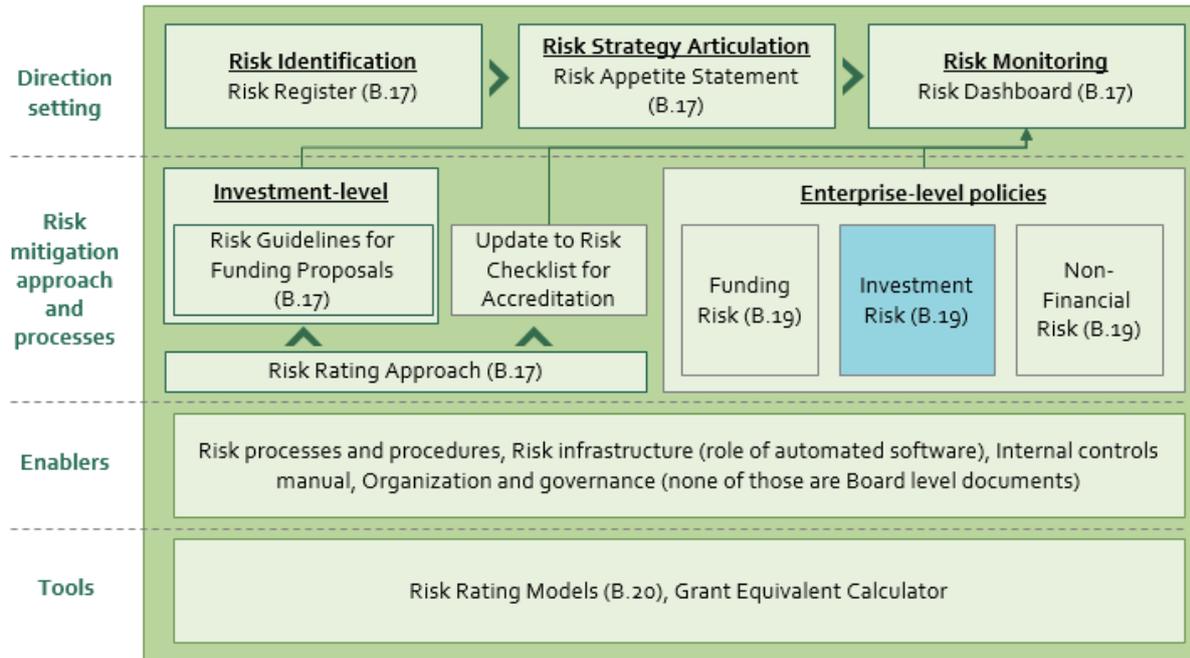
1. This document presents a critical element of the Risk Management Framework (“RMF”), the policy governing investment risk management for the Green Climate Fund (“GCF”).

**II. Objectives and scope**

2. This document is a part of the comprehensive RMF – the components of the framework are presented below in Figure 1.

**Figure 1: RMF components**

## Chapter I: Business Model



3. The Investment Risk Policy (“Policy”) defines investment risk management requirements related to the risk of failure of a Funded Activity<sup>1</sup> or Readiness / Project Preparation Facility (“PPF”) Proposal to deliver the expected impact, or the risk of delay or shortfall of reflows<sup>2</sup> from these activities. This Policy is not intended to detail the operational processes in relation to Funded Activities or Readiness / PPF, as the operational processes will be specified in the GCF Operations Manual for the Funded Project Lifecycle.<sup>3</sup>

4. This Policy is based on the following core principles:

- (a) Ensuring sustainable financial viability for the Fund and enabling the Fund to meet its mission of promoting paradigm shift towards low-emission and climate-resilient development pathways;
- (b) Adherence to the GCF’s Risk Appetite Statement (part of the RMF) for investment risk;
- (c) Establishing fit for purpose controls and ensuring efficiency in risk management; and
- (d) Roles and responsibilities allocated:
  - (i) **First Level of Responsibility (“First Level”):** The first responsibility of risk management and control is with the accountable units who are the primary owners and managers of risk; there may also be multiple units within the Secretariat that form the First Level;
  - (ii) **Second Level of Responsibility (“Second Level”):** For each risk, there is a Second Level of Responsibility, or a control function independent of the First Level, to ensure risks are managed given asymmetric incentives, short-termism, and optimism of risk takers; there may also be multiple units within the Secretariat that form the Second Level; and
  - (iii) **Third Level of Responsibility (“Third Level”):** The Third Level of Responsibility focuses on review of the actions and interactions of the risk taker and risk controller, and assurance that the RMF is operating as intended.
- (e) Recognizing the role of the Accredited Entity (“AE”) in risk management given GCF’s business model of investing through AEs. The presence of the AE has the following key implications:
  - (i) The AEs form a key part of the First Level of Responsibility within the scope of this policy;
  - (ii) The role of the First Level within the Secretariat (“Secretariat First Level”) is lighter, as part of the First Level responsibilities are with the AEs; and
  - (iii) An AE’s lack of ability or willingness to meet GCF’s expectations is a key source of investment risk. However, the management approach for this risk inherent to the AE is not described by this policy. This management approach is addressed in the Risk Checklist for Accreditation, Guiding Framework and Procedures for Accrediting National, Regional, and International Implementing Entities and

<sup>1</sup> A Funded Activity is defined as a GCF-funded investment or payment for a climate project/programme.

<sup>2</sup> The risk of delay or shortfalls in reflows may originate from various sources – including loss in the counterparty’s willingness or ability to repay, convertibility and transfer risk, and foreign exchange losses from non-holding currency investments.

<sup>3</sup> The GCF Operations Manual for the Funded Project Lifecycle is being drafted by the Secretariat.

## Chapter I: Business Model

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Intermediaries, individual Accreditation Master Agreements (“AMAs”) and Funded Activity Agreements (“FAAs”).

5. The detailed roles and responsibilities of the First and Second Levels are set out in Sections III and IV below. The Third Level will develop and perform scheduled and ad-hoc audits, reviews, and 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 GCF’s risks appropriately.

6. For roles and responsibilities defined in Sections III and IV of this policy, the Secretariat deems most appropriate that:

- (a) Secretariat First Level responsibilities should lie with Private Sector Facility (“PSF”), Division of Mitigation and Adaptation (“DMA”), or the Division of Country Programming (“DCP”) depending on which division originates the funding outlay. Some of these responsibilities may be given to the Portfolio Management Unit (“PMU”). The specific roles and responsibilities will be outlined in procedural documents developed by the Secretariat;
- (b) Second Level responsibilities should lie with the Office of Risk Management and Compliance (“ORMC”) and the Office of the General Counsel (“OGC”). Some of these responsibilities may be given to PMU where they play a review or control role over First Level activities performed by the AE or Delivery Partner (“DP”);
- (c) Third Level responsibilities should lie with the Office of the Internal Auditor (“OIA”); and
- (d) In order to ensure independence of the First and the Second Levels, the PMU may either be given some Secretariat First Level responsibilities or some Second Level responsibilities, but not both.

7. The Secretariat may re-allocate responsibilities to other divisions over time.

### III. Investment risk management – Funded Activity

#### 3.1 Initial approval of Funding Proposal

##### 3.1.1. Risk assessment

8. The AE is responsible for conducting due diligence on the Funding Proposal (“FP”, “proposal”) prior to submitting it to the Secretariat. The AE must meet the standard of care, as defined in its AMA, when conducting its due diligence, and later through the life of the project.

9. The Secretariat First Level is responsible for co-drafting a risk assessment of the Funded Activity in the Secretariat Review with the Second Level as well as other relevant units/divisions, based on the Risk Guidelines for Funding Proposals (GCF/B.17/21, annex VIII) for investment risk. After reaching consensus, this assessment is shared with the SMT and, if recommended by the Secretariat and the Independent Technical Advisory Panel, to the Board. In addition, the Secretariat First Level is responsible for liaising with the AE, or with the Executing Entity (“EE”) via the AE, for necessary documents and information (including those requested by the Second Level, SMT, and the Board) required to complete the risk assessment<sup>4</sup> of an FP.

##### 3.1.2. Generating the risk ratings<sup>5</sup> (including rating refresh)

10. The Second Level is responsible for generating a rating as defined in the Risk Rating Approach (part of the RMF)<sup>6</sup> to be included in the Secretariat Review to the SMT and the Board. The rating is to be refreshed every year.

11. The Secretariat First Level is expected to collect the required information from the AE, and provide inputs for non-financial assessment required for generating the rating. Different First Level teams may be responsible for this activity before and after the first disbursement.

12. The Second Level is also responsible for tracking any delays in rating refreshes and reporting to the SMT. The SMT may approve a delay in rating generation of up to six months past its due date.

13. The rating may be considered by the SMT in its recommendation to the Board, and may be considered by the Board in taking a decision on an FP.

#### 3.2 FAA administration

##### 3.2.1 Activities leading up to FAA signing

14. The First Level, in collaboration with the Second Level, is responsible for reviewing and approving the FAA and the set of documents received for completeness from a risk perspective and ensuring that all risk conditions have been met.

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<sup>4</sup> Including term sheets.

<sup>5</sup> Refer to Risk Rating Approach. The delineation of responsibilities will become effective after the rating models are adopted and implemented by the Secretariat.

<sup>6</sup> Further development of appropriate risk rating models will be brought to the Board for consideration as requested in Decision B.17/11.

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- (a) The AE is responsible for promptly collecting necessary documents for Funded Activities in a timely fashion and ensuring adequate maintenance of all documents related to individual Funded Activities.
- (b) The Secretariat First Level is responsible for collecting required documents and other information from the AE regarding the FAA.

### 3.2.2 Disbursements to the AE

15. The First Level, in collaboration with the Second Level, clears any conditions required to be met for disbursements to the AE. The Second Level is also responsible for providing legal advice on disbursements as requested by the Secretariat and taking safe custody of all legal documents.

16. The First Level initiates the checks for conditions tied to the disbursement of Funds.

3.3 Funded Activity monitoring

### 3.3.1 Individual Funded Activity monitoring

17. The AE is responsible for monitoring each Funded Activity in line with the AE's own internal rules, policies and procedures, and responsibilities set forth in the relevant FP and AMA/FAA with the standard of care as defined in the AMA. It also provides interim and final evaluation reports and other ad hoc reports for each Funded Activity to the Secretariat First Level as specified in applicable legal agreements.

18. The Secretariat First Level is responsible for the following activities:

- (a) Providing necessary inputs to the Second Level to populate the GCF Risk Dashboard, which the Second Level will share with the SMT, RMC and the Board on a quarterly basis; and
- (b) Reviewing interim and final evaluation reports and other ad hoc reports provided by the AE on the Funded Activity and monitoring compliance with the FP, AMA/FAA, and the GCF's own internal policies and guidelines.

19. The Second Level is responsible for the following activity:

- (a) Developing a recommendation, independent of the First Level, on any action required for improving the GCF's investment risk management for the project/programme and strengthening its adherence to the Risk Appetite Statement. This recommendation will be discussed with the First Level, reviewed and finalized with the Office of the Executive Director ("OED").

### 3.3.2 Portfolio monitoring

20. The Second Level is responsible for developing a recommendation, independent of the First Level, on any action required for improving the GCF's investment risk management at a portfolio level and strengthening its adherence to the GCF Risk Appetite Statement (GCF/B.17/21, annex VI). This recommendation will be discussed with the First Level, reviewed and finalized with the OED.

21. The Secretariat First Level is responsible for monitoring delinquent, non-performing loans and losses of Funded Activities, and providing necessary inputs to the Second Level to populate the Risk Dashboard (the Second Level will share the Risk Dashboard with the SMT, RMC and the Board on a quarterly basis).

3.4 Annual review of Funded Activity

22. The AE is responsible for providing the Annual Performance Report for each Funded Activity to the Secretariat First Level, as specified in the AMA/FAA. It is also responsible for liaising with the EE for any information requests or issues raised during the review process.

23. The Secretariat First Level is responsible for reviewing the Annual Performance Report and other annual reports of Funded Activities provided by the AE, and raising identified issues in its annual Portfolio Performance Review ("PPR"). It is also responsible for liaising with the AE for any information requests or issues raised during the review process and working collaboratively with the Second Level in reviewing the PPR.

3.5 Funded Activity default situation

24. A Funded Activity is considered to be in a default situation if the "event of default" or equivalent as defined in the AMA/FAA has occurred.

### 3.5.1 AMA/FAA default or non-compliance situation<sup>7</sup>

25. The Secretariat First Level works collaboratively with the Second Level in reviewing the default situation, the remedial action plan, the step-in decision, the step-in plan and the implementation of the plans.

## IV. Investment risk management – Readiness/PPF Project

4.1 Readiness/PPF Proposal Review

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<sup>7</sup>This section should be reviewed after the development of the Restructuring/Cancellation Policies by the Secretariat.

## Chapter I: Business Model

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26. The GCF is taking a programmatic approach to Readiness/PPF Proposals. Given this programmatic approach, the Second Level need not approve every single proposal. However, the Second Level will review key parameters of the programme. The Second Level is also responsible for developing and maintaining the Risk Guidelines for Readiness/PPF.

27. The Secretariat First Level is responsible for leading the review of the Readiness/PPF Proposals. The proposals will be approved by the delegated authority levels for the Readiness/PPF projects (currently the Readiness Working Group (“RWG”) or the OED).

### 4.2 New Grant Agreement and Readiness Framework Agreement<sup>8</sup> administration

28. The Second Level is responsible for ensuring the adequacy of all documents from a legal perspective.

29. The Secretariat First Level is responsible for collecting required documents and other information from the National Designated Authority (“NDA”)/DP/AE regarding Grant Agreement or Readiness Framework Agreement administration.

### 4.3 Readiness/PPF portfolio monitoring

30. The Second Level is responsible for conducting a check of monitoring results at a portfolio level and reviewing any issues or recommended actions by the Secretariat First Level, in consensus with the authority which originally approved the project based on the Endorsement and Approval Authority and Thresholds.

31. The Secretariat First Level is responsible for conducting monitoring activities (including collection of necessary information from the NDA/DP/AE).

### 4.4 Readiness/PPF Disbursement

32. The Second Level is responsible for providing legal advice on disbursements as requested.

33. The Secretariat First Level is responsible for initiating each disbursement, taking into account the latest monitoring results and holding back disbursements when deemed appropriate. The Secretariat First Level works collaboratively with the Second Level to clear the disbursements before the instructions are sent to Finance.

## V. Foreign Exchange (“FX”) risk in reflows<sup>9</sup>

34. Non-holding currency reflows expose the GCF to FX risk. Recalling its ability to take on risks that other funds/institutions are not able or willing to take, the GCF will on occasions take such FX risks to meet its mandate. Otherwise, it will either pass on this risk to the counterparties through the FAA, or account for such FX risks in structuring the deal terms within the relevant FPs.

## VI. Administrative provisions

35. This Policy will take effect on 2 April 2018.

36. This policy shall be reviewed 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. Any resulting revisions to this policy which are of a material and/or substantive nature shall be presented to the Board for its consideration and approval.

## Annex V: Non-financial risk policy

### I. Introduction

1. This document presents a critical element of the Risk Management Framework (“RMF”), the policy governing non-financial risk management for the Green Climate Fund (“GCF”).

### II. Objectives and scope

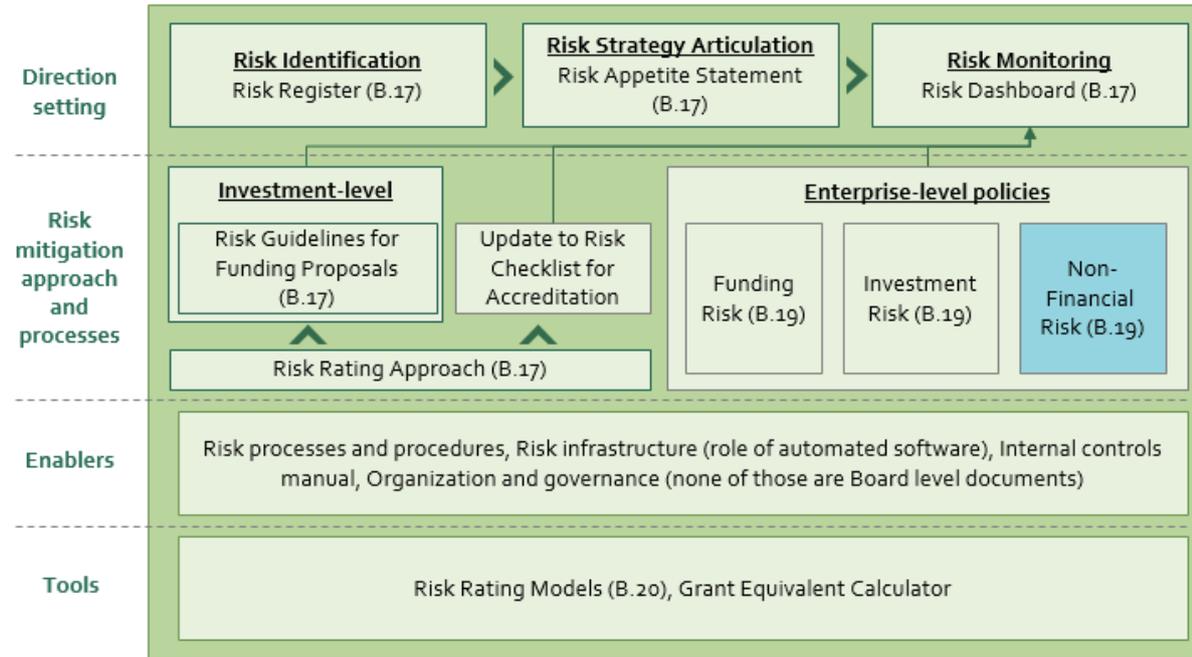
2. This document, the Non-financial Risk Policy (“policy”), is a part of the comprehensive RMF – the components of the framework are presented below in Figure 2.

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<sup>8</sup> Refers to any legal agreement pertaining to the funding of Readiness and PPF projects, including Readiness Framework Agreements and Readiness Grant Agreements

<sup>9</sup> The FX risk on the liability side is covered by the Funding Risk policy.

Figure 2: RMF components



3. Non-financial Risk is defined as the potential for financial and non-financial losses arising from the failure of people, process, or technology or the impact of external events. It covers the following risk types defined in the Risk Register:

- (a) GCF Operational Process Error Risk: Failure to meet the GCF's internal operations standards or non-compliance with external requirements (such as country laws or international agreements) that affect operations activities;
- (b) Staffing Risk: Operational failures, losses and other disruptions arising from the staffing model of the GCF, including staff headcount level and external consultants, as well as from problems with recruitment, retention, succession planning, development, integrity and morale among the GCF staff;
- (c) Disasters and Other Events Risk: Disruption of business due to natural or man-made catastrophic disasters;
- (d) IT Systems Failure Risk: Disruption of business due to unavailability / inaccessibility of IT infrastructure and applications;
- (e) Cyber Attack Risk: Misappropriation of internal data and/or information by a third party through IT means,<sup>1</sup> such as system security breach, hacking, phishing attacks, cybercrime, and malware / virus attacks; and
- (f) Reputation Risk: Adverse perception which has a material effect on the credibility of the GCF (beyond the reputational damage which may be incurred due to one of the other risks in the Risk Register).

4. IT Systems Failure Risk and Cyber Attack Risk are hereinafter collectively referred to as "IT Risk".

5. The management approach to Disasters and Other Events Risk is described under Business Continuity Management ("BCM") in Section IV of this policy. BCM is a broader programme aimed at ensuring business continuity through the prevention and mitigation of Operational and IT Risk events.

6. This policy design is guided by the following principles:

- (a) Ensuring sustainable viability for the GCF and enabling the GCF to meet its mission of promoting paradigm shift towards low-emission and climate-resilient development pathways;
- (b) Adhering to the GCF's Risk Appetite Statement (part of the RMF) for Operational and IT Risk and Reputation Risk;
- (c) Establishing fit for purpose controls and ensuring efficiency in risk management; and
- (d) Allocating roles and responsibilities:
  - (i) **First Level of Responsibility ("First Level"):** The first responsibility of risk management and control is with the accountable units who are the primary owners and managers of risk; there may be multiple units within the Secretariat that form the First Level of Responsibility;

<sup>1</sup> Cyber attack risk could include falsification of internal data and/or information through IT means. This risk could also be created by the actions of internal parties.

## Chapter I: Business Model

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- (ii) **Second Level of Responsibility (“Second Level”):** For each risk, there is a Second Level of Responsibility, or a control function independent of the First Level, to ensure risks are managed given asymmetric incentives, short-termism, and optimism of risk takers; there may be multiple units within the Secretariat that form the Second Level of Responsibility; and
- (iii) **Third Level of Responsibility (“Third Level”):** The Third Level of Responsibility focuses on review of the actions and interactions of the risk taker and risk controller, and assurance that the RMF is operating as intended.

7. The detailed roles and responsibilities of the First and Second Levels are set out in sections III, IV, V, and VI below. The Third Level will develop and perform scheduled and ad-hoc audits, reviews, and 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 GCF’s risks appropriately.

### III. Roles and Responsibilities: GCF Operational Process Error Risks and IT Risks

8. Operational Process Error Risk arises from all GCF’s activities. The following are the GCF’s key activities and functions responsible (which the Secretariat deems most appropriate).<sup>2</sup> The Secretariat is responsible for nominating the Operational Risk Owners for all operational processes. The Operational Risk Owners are defined as the representatives of the First Level of Responsibility for operational process error risk:

- (a) Accreditation process: Division of Country Programming (“DCP”);
- (b) Funding Proposal (“FP”, “proposal”) review process: Private Sector Facility (“PSF”) and Division of Mitigation and Adaptation (“DMA”), for private and public proposals, respectively;
- (c) Interim processes between Funding Proposal approval and signing a Funded Activity Agreement (“FAA”): PSF, DMA or DCP with the Office of the General Counsel (“OGC”);
- (d) Disbursement process: Chief Financial Officer (“CFO”); and
- (e) Monitoring and evaluation: Portfolio Monitoring Unit (“PMU”).

9. Other processes requiring an Operational Risk Owner include: Review process for other proposal types (PPFs, Readiness),<sup>3</sup> Human Resources (“HR”) processes, Procurement processes, and other Finance processes (such as cash flow management and FX hedging).

10. Operational Risk Owners for operational process error risks are responsible for the following:

- (a) Providing information to the Second Level required to populate the Operational Risk section of the Risk Dashboard, which the Second Level will share with the Secretariat’s senior management team (“SMT”), RMC, and the Board on a quarterly basis;
- (b) Ensuring all material risks are identified, assessed, mitigated, and monitored (e.g. conducting a risk control self-assessment);<sup>4</sup>
- (c) Proposing and implementing control enhancements, in line with the GCF Risk Appetite Statement;
- (d) Reporting on monitoring metrics (identified in the risk control self-assessment) to the Second Level; and
- (e) Reporting each risk event to the Second Level together with a proposed assessment of impact level<sup>5</sup> and a proposal for changes in controls (if required).

11. IT Risks arise from all IT systems used by the GCF. The Secretariat will nominate an IT Risk Owner,<sup>6</sup> defined as the representative of the First Level of Responsibility for IT risks. The IT Risk Owner is responsible for the following:

- (a) Providing information to the Second Level required to populate the IT Risk section of the Risk Dashboard, which the Second Level will share with the SMT, RMC and the Board on a quarterly basis;
- (b) Ensuring all material risks are identified, assessed, mitigated, and monitored (e.g. conducting a risk control self-assessment);
- (c) Proposing and implementing control enhancements, in line with the GCF Risk Appetite Statement;
- (d) Reporting on monitoring metrics (identified in the risk control self-assessment) to the Second Level; and
- (e) Reporting each risk event to the Second Level together with a proposed assessment of impact level and a proposal for changes in controls (if required).

12. A risk control self-assessment must be conducted annually for high priority processes and at least once in three years for lower priority processes.

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<sup>2</sup> The Secretariat may choose other divisions for these processes over time. The processes themselves may also change over time.

<sup>3</sup> Readiness includes National Adaptation Plans; PPF: Project Preparation Facility.

<sup>4</sup> Risk Control Self-Assessment (“RCSA”) as described in the Secretariat’s internal controls manual (under development).

<sup>5</sup> The impact levels “Low”, “Somewhat non-disruptive”, “Somewhat disruptive” and “High” have been defined in GCF’s Risk Register.

<sup>6</sup> The IT Risk Owner will likely belong to Information and Communications Technology (“ICT”) within Division of Support Services (“DSS”), and will likely be nominated by the Head of ICT.

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13. The Second Level of Responsibility for Operational Process Error Risk and IT Risk is the ORMC, which has the following responsibilities:

- (a) Reviewing the Risk Dashboard results for Operational Risk and IT Risk;
- (b) Prioritizing processes (annually) on which risk control self-assessments are conducted, and selecting the risk events posing the highest risk levels for further mitigation;
- (c) Reviewing and confirming risk control self-assessment outputs, and the proposed control enhancements;
- (d) Finalizing the impact level of risk events and reporting “High” and “Somewhat disruptive” impact events to the Office of the Executive Director (“OED”) together with recommendations for further action;
- (e) Advising the SMT, OED and RMC on key risks, the effectiveness of mitigants and controls, and alignment of residual risks with the Risk Appetite; and
- (f) The Second Level will develop a recommendation, independent of the First Level, on any action required for improving the GCF’s Operational Process Error Risk and IT Risk management and strengthening its adherence to the Risk Appetite Statement. This recommendation will be discussed with the First Level, reviewed and finalized with the OED.

14. The Third Level of Responsibility for Operational Process Error Risk and IT Risk is the Office of the Internal Auditor (“OIA”).

### IV. Business Continuity Management

15. The Heads of all GCF divisions are responsible for reporting to the ORMC and OED without undue delay, after they become aware of it, any risk event covered by this policy that threatens the safety and security of the GCF’s overall operations.

16. The OED serves as the crisis director with the authority to confirm that the risk event occurring should be classified as a business disruption event and decide on the necessary measures and response plan upon the occurrence of that event.

17. The OED will notify all units of the GCF immediately upon occurrence and confirmation of a business disruption event. The ORMC will immediately report the business disruption event to the RMC. The crisis director is supported by a security task force, which shall be established by the Executive Director.

18. The security task force is responsible for developing and testing the business continuity plans to be executed upon occurrence of a business disruption event, and establishing a remote work model for the GCF operations during disruptions events.

### V. Reputation Risk Management

19. Reputation Risk refers to the risk of adverse public perception which has a material effect on the credibility of the GCF.

20. Reputation Risk arises from not only GCF’s activities, but also the public perception that may follow breaches in tolerance levels for all other risk types specified in the GCF Risk Register.

21. The Secretariat and the Independent Units of the GCF will jointly develop Protocols for identifying, managing and mitigating Reputational Risks arising out of or related to the implementation of the mandates of the Independent Units.

22. The Secretariat will nominate a Reputation Risk Owner. The Reputation Risk Owner is responsible for the following:

- (a) Providing information to the Second Level required to populate the Reputation Risk section of the Risk Dashboard, which the Second Level will share with the SMT, RMC and the Board on a quarterly basis;
- (b) Maintaining and implementing a Communications Plan that actively tries to mitigate reputation risk;
- (c) Monitoring various sources of information relevant to Reputation Risk;
- (d) Developing and implementing a Response Plan for high impact Reputation Risk threats (a Response Plan will be required for any reputation risk events stemming from underlying risks for which the GCF has zero risk tolerance, per the GCF Risk Appetite Statement); and
- (e) Collaborating with the Second Level to ensure that when developing controls for managing risks for which the GCF has zero risk tolerance per its Risk Appetite Statement, approaches to manage reputation risk arising from such risk events are also built in.

23. The heads of all GCF divisions are responsible for reporting to the Reputation Risk Owner any threats they foresee to the GCF’s reputation. These threats will be taken into account by the Reputation Risk Owner in developing the Communications Plan and any Response Plan.

24. The ORMC plays the Second Level of Responsibility role, and is responsible for the following in mitigating reputation risk:

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- (a) Finalizing the impact level of Reputation Risk threats, and reporting high impact events to the OED with recommendations for further action;
  - (b) Reviewing the Risk Dashboard results for Reputation Risk; and
  - (c) Reviewing and challenging the Communications Plan or Response Plan prepared by the Reputation Risk Owner from a risk perspective, and tracking the GCF's progress against the plan.
25. The Third Level of Responsibility for Reputation Risk is the Office of the Internal Auditor ("OIA").

### VI. Staffing Risk Management<sup>7</sup>

26. Maintaining a Secretariat staff with appropriate skills and qualifications in line with the principles and guidelines set out in the Administrative Guidelines on Human Resources or any successor guidelines or policy is one of the main tenets of effective risk management at the GCF.
27. The Secretariat will nominate a Staffing Risk Owner. The Staffing Risk Owner is responsible for the following:
- (a) Working with other units within the Secretariat to assess current and future staffing and skills requirements;
  - (b) Providing information to the Second Level required to populate the staffing risk section of the Risk Dashboard, which the Second Level will share with the SMT, RMC, and the Board on a quarterly basis;
  - (c) Reviewing staff complaints to identify any systematic themes;
  - (d) Developing succession plans; and
  - (e) Taking into account the relevant human resources guidelines or policies in force when dealing with matters related to staffing risk.
28. The ORMC plays the Second Level of Responsibility role, and will be responsible for:
- (a) Reviewing the GCF Risk Dashboard results and succession plan; and
  - (b) Developing a recommendation, independent of the First Level, on any action required for improving the GCF's staffing risk management and strengthening its adherence to the Risk Appetite Statement. This recommendation will be discussed with the First Level, reviewed and finalized with the OED.
29. The Third Level of Responsibility for Staffing Risk is the Office of the Internal Auditor ("OIA").

### VII. Administrative provisions

30. This Policy takes effect on 2 April 2018.
31. This policy shall be reviewed 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. Any resulting revisions to this policy which are of a material and/or substantive nature shall be presented to the Board for its consideration and approval.

## Annex VI: Funding risk policy

### I. Introduction

1. This document presents a critical element of the Risk Management Framework ("RMF"), the policy which governs funding risk management for the Green Climate Fund ("GCF").

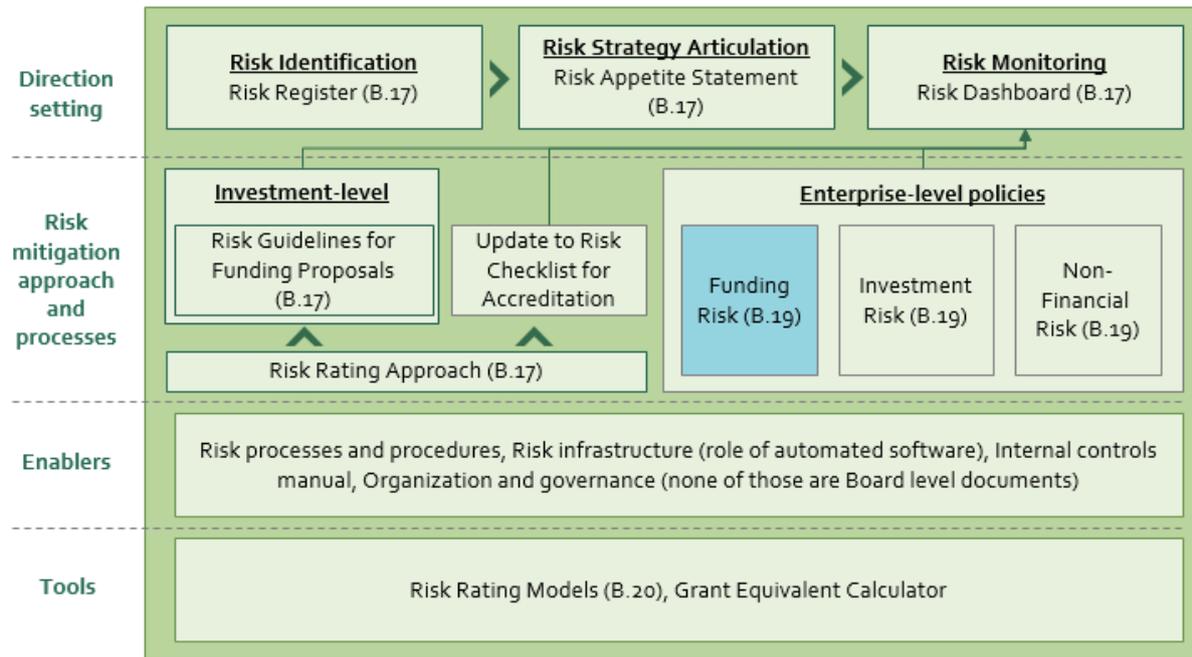
### II. Objective and scope

2. This document, the Funding Risk Policy ("policy") is a part of the comprehensive RMF – the components of the framework are presented below in Figure 3.

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<sup>7</sup> This section will be reviewed when the updated Administrative Guidelines on Human Resources is approved by the Board.

Figure 3: RMF components



3. This document presents the policy governing funding risk management for the GCF. It covers the following risk types defined in the GCF’s Risk Register:

- (a) **Liquidity risk:** The risk of incurring a timing mismatch between cash inflows and cash outflows leading to shortages in the ability of the GCF to face its payment obligations.
- (b) **Contribution uncertainty risk:** The risk of failing to convert all pledges into contributions in total, or within the promised time frame.
- (c) **Foreign exchange (“FX”) risk on the liabilities side:**<sup>1</sup> The risk of incurring losses in the value of contributions due to FX rate fluctuations.
- (d) **Funds held in Trust:** The risk of incurring losses in the value of investments of the GCF’s funds held with the Trustee due to market movements in the price of the securities, and failing to comply with the GCF’s policies on Funds Held in Trust.

4. The policy design is guided by the following principles:

- (a) Adherence to the GCF’s Risk Appetite Statement for funding risk.
- (b) Establishing fit for purpose controls and ensuring efficiency in Risk Management.
- (c) Roles and responsibilities are allocated:
  - (i) **First Level of Responsibility (“First Level”):** The first responsibility of risk management and control is with the accountable units who are the primary owners and managers of risk; there may be multiple units within the Secretariat that form the First Level of Responsibility;
  - (ii) **Second Level of Responsibility (“Second Level”):** For each risk, there is a Second Level of Responsibility, or a control function independent of the First Level, to ensure risks are managed given asymmetric incentives, short-termism, and optimism of risk takers; there may be multiple units within the Secretariat that form the Second Level of Responsibility; and
  - (iii) **Third Level of Responsibility (“Third Level”):** The Third Level of Responsibility focuses on review of the actions and interactions of the risk taker and risk controller, and assurance that the RMF is operating as intended.

5. The detailed roles and responsibilities of the First and Second Levels are set out in Sections IV and V below. The Third Level will develop and perform scheduled and ad-hoc audits, reviews, and assurance engagements, in

<sup>1</sup> The FX risk on the assets side (the risk of incurring losses in the value of reflows due to FX fluctuations) is covered by the Investment Risk policy.

## Chapter I: Business Model

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order to gain assurance that the design and implementation of policies and procedures by the First and Second Levels are managing the GCF's risks appropriately.

6. The Secretariat deems most appropriate that First Level responsibilities should lie with the Chief Financial Officer ("CFO") and Second Level responsibilities should lie with the Office of Risk Management and Compliance ("ORMC"). Third Level responsibilities should lie with the Office of the Internal Auditor ("OIA"). The Secretariat may choose other divisions for these responsibilities over time.

### III. Definitions

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

Term	Definition
Liquid asset portfolio	The liquid asset portfolio is defined as securities, cash or cash equivalents held in Trust or in the GCF's bank accounts.
Liquidity reserve	The liquidity reserve, as specified in the Risk Appetite Statement, is the amount of funds the GCF needs to hold in cash, cash equivalents, or in securities with duration of less than one year, in order to meet its liquidity risk appetite.
Net funding requirement	Net funding requirements over a period of time are defined as the planned outflows over the period of time (including funding disbursements and Board and Secretariat (including independent units) expenses) net of the planned contribution encashments over the same period of time. It should be noted that at present, the GCF does not plan to use planned project reflows to reduce net funding requirements. This decision should be reviewed in the future once reflows become more than 20% of the GCF's planned inflows over a one year period.

### IV. Policy requirements and roles and responsibilities

#### 4.1 Liquidity risk

8. The Fund's liquidity risk appetite in the Risk Appetite Statement requires the GCF's liquidity reserve (on any day) to be sufficient to sustain the GCF's net funding requirements for at least 1 year.

9. The First Level will be responsible for ensuring that the liquidity reserve of the GCF is monitored and managed within the level specified in the Risk Appetite Statement. The First Level's responsibilities will include:

- (a) Ensuring that the Fund's liquidity risk profile is maintained within tolerance levels defined in the GCF's Risk Appetite Statement and all requirements defined in this policy;
- (b) Monitoring the Fund's liquid asset portfolio (including necessary financial/cash flow analyses) on a regular basis and informing the Second Level and the SMT about any significant changes;
- (c) Monitoring adherence for the Funds held in Trust to the requirements in this policy, specifically the requirements specified in Section 4.4, and to the Risk Appetite Statement, and driving corrective action as required; and
- (d) Providing information on the Fund's liquid asset portfolio to the Second Level and the SMT. This information is needed by the Second Level to populate the Liquidity Risk section in the Risk Dashboard, which the Second Level will share with the SMT, RMC, and the Board on a quarterly basis.

10. The Second Level will review the liquidity reserve forecasts provided by the First Level for alignment with the GCF's Risk Appetite Statement and this policy, and will review the liquidity risk information provided by the First Level. The Second Level will develop a recommendation, independent of the First Level, on any action required for improving the Fund's liquidity risk management and strengthening its adherence to the Risk Appetite Statement. This recommendation will be discussed with the First Level, reviewed and finalized with the Office of the Executive Director ("OED").

11. In the event of a breach of the Liquidity Risk Appetite, the First Level will inform the Second Level, SMT, and the RMC immediately. The First Level will initiate the process of taking corrective action for the breach (such as increasing the Funds held as Liquidity Reserve, reducing or delaying planned expenses, expediting contributions and their encashment). The corrective action will be finalized collaboratively, taking inputs from the Second Level. The First Level will inform the SMT and the RMC of the corrective action.

#### 4.2 Contribution uncertainty risk

12. Predictable funding is essential for the GCF to achieve its objectives. The GCF will take necessary actions to protect the predictability of its financial resources, including: diversifying sources of contributions across a range of contributors; managing cancellation or postponement of contribution commitments and other changes in cash payment and promissory deposit and encashment schedules; ensuring to convert the pledges or encashment of

## Chapter I: Business Model

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promissory notes in a timely manner; and preventing over-concentration of payments, deposited promissory notes, and contributions to be encashed.<sup>2</sup>

13. The First Level will be responsible for ensuring that contribution uncertainty risk is monitored and managed as required in the Risk Appetite Statement. The First Level's responsibilities will include:

- (a) Monitoring and providing information on the Fund's contribution uncertainty to the Second Level and the SMT. This information is needed by the Second Level to populate the Contribution Uncertainty Risk section in the Risk Dashboard, which the Second Level will share with the SMT, RMC and the Board on a quarterly basis. The monitored metrics include:
  - (i) Total contributions received and their concentration levels by contributing country;
  - (ii) Total unpaid and unencashed contributions and their concentration levels by contributing country; and
  - (iii) Any changes from the original contribution agreements/arrangements and the agreed encashment schedules.
- (b) In case of significant contribution uncertainty risk, developing a resource mobilization plan (consistent with this policy) and executing the plan. The plan will be developed collaboratively taking inputs from the Second Level. The plan may include, but is not limited to:
  - (i) Monitoring upcoming payments, promissory note deposits and encashments, and the conditions attached to future deposits, encashment, and preparing an action plan for the Secretariat to meet those conditions;
  - (ii) Communicating in advance with contributors about upcoming payments, promissory notes deposits and encashments; and
  - (iii) Monitoring the triggers for replenishment.

14. The resource mobilization plan, if needed, will be shared with the SMT and the RMC.

15. The Second Level will develop a recommendation, independent of the First Level, on any action required for improving the contribution uncertainty risk management and strengthening its adherence to the Risk Appetite Statement. This recommendation will be discussed with the First Level, reviewed and finalized with the OED.

### 4.3 Foreign exchange ("FX") risk

16. The First Level will be responsible for ensuring the Fund adheres to the following requirements from the Risk Appetite Statement:

- (a) Contributions already received and encashed will be held in holding currencies. Contributions in non-holding currencies will be converted into holding currencies on receipt of funds, at a proportion determined by the First Level based on their expectation of future cash outflows; and
- (b) Future expected encashments of promissory notes, cash payments not yet received and promissory notes not yet deposited and unencashed in non-holding currencies are not required to be hedged; however, the First Level may decide to implement a hedging strategy for additional conservatism. Any such strategy will be developed collaboratively taking inputs from the Second Level, should consider recommendations from the RMC and will need to be agreed with the SMT and, where appropriate, the Board.

17. The First Level will be responsible for ensuring that FX risk of the GCF is monitored and managed within the level specified in the Risk Appetite Statement. The First Level's responsibilities will include:

- (a) Giving direction to the Trustee consistent with this policy, specifically the requirements specified in Paragraphs 16(a) and 16(b), and the Risk Appetite Statement, monitoring adherence to those parameters, and taking corrective action (e.g., conversion of contributions to holding currencies) as required; and
- (b) Providing information on the Fund's FX risk to the Second Level and the SMT. This information is needed by the Second Level to populate the FX Risk section in the Risk Dashboard, which the Second Level will share with the SMT, RMC and the Board on a quarterly basis.

18. The Second Level will build its view, independent of the First Level, on any action required for improving the Fund's FX risk management and strengthening its adherence to the Risk Appetite Statement. This view will be discussed with the First Level, reviewed and finalized with the OED.

### 4.4 Funds Held in Trust risk

19. Investment of the Fund's liquid asset portfolio will meet the following requirements as defined in the Risk Appetite Statement:

- (a) Liquid asset portfolio will only be invested in investment grade securities;

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<sup>2</sup> As per the Risk Appetite Statement.

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- (b) The Fund will target average credit rating of [AA] equivalent by international rating agencies, or an equivalent risk metric approved by the Board, for its liquid asset portfolio;
  - (c) The funds earmarked for the GCF's liquidity reserve will only be invested in securities with duration no longer than one year. All other funds in the liquid asset portfolio (representing the Fund's excess liquidity) will only be invested in securities with duration no longer than five years and average duration no longer than two years; and
  - (d) The GCF will refrain from making investments that go against the Fund's mission to promote paradigm shift towards low-emission and climate-resilient development pathways.
20. The First Level will be responsible for ensuring that Funds Held in Trust risk of the GCF is monitored and managed within the level specified in the Risk Appetite Statement. The First Level's responsibilities will include:
- (a) Developing and executing an investment plan that ensures that the Funds Held in Trust risk profile is maintained within tolerance levels defined in GCF's Risk Appetite Statement and all requirements defined in this policy. The First Level will develop this plan collaboratively, taking inputs from the Second Level;
  - (b) Setting investment parameters for the Trustee consistent with this policy, specifically the requirements specified in Paragraph 19, and the Risk Appetite Statement, monitoring adherence to those parameters, and taking action (e.g., re-allocation of the assets in the liquid asset portfolio) as required;
  - (c) Providing information on the GCF's Funds Held in Trust risk to the Second Level and the SMT. This information is needed by the Second Level to populate the Funds Held in Trust Risk section in the Risk Dashboard, which the Second Level will share with the SMT, RMC and the Board on a quarterly basis.
21. The Second Level will develop a recommendation, independent of the First Level, on any action required for improving the GCF's Funds Held in Trust risk management and strengthening its adherence to the Risk Appetite Statement. This view will be discussed with the First Level, reviewed and finalized with the OED.
22. In the event of a breach of the Funds Held in Trust Risk Appetite, the First Level will inform the Second Level, SMT, and the RMC immediately. The First Level will initiate the process of taking corrective action for the breach (such as rebalancing the liquid asset portfolio). The corrective action will be finalized collaboratively, taking inputs from the Second Level. The First Level will inform the SMT and the RMC of the corrective action.

### V. Solvency concerns

23. Solvency risk refers to the Fund's inability to meet its financial commitments due to a shortfall in its available funds relative to its commitments. The Fund will take all necessary measures to avoid any solvency events during its operations.
24. The Fund only makes investment commitments when a matching source of funding is available (in the form of unmatched cash, cash equivalents, securities or promissory notes). Such matching of source of funds for each investment commitment helps reduce the Fund's exposure to solvency risk.
25. Investment commitments made where the matched funding sources are not in the same currencies as the investment commitment expose the Fund to solvency risk in case the investment currency appreciates against the currencies of the matched funding sources.<sup>3</sup>
26. Such solvency risk exposure arises in two kinds of situations – when the investment commitment is made in a holding currency, but the matched funding sources are in different currencies (partially, or wholly);<sup>4</sup> or when the investment commitment is made in a non-holding currency.<sup>5</sup>
27. To mitigate this solvency risk arising from currency differences between investment commitments and the matched funding sources, for investment commitments due in the immediate 12 months, the GCF will match the source of funds in the same currency as the investment commitments (through actions such as currency exchanges etc.).<sup>6</sup> This approach will help manage the fund's exposure to solvency risk in the near term (the immediate 12 months).<sup>7</sup>

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<sup>3</sup> FX depreciation of GCF investment commitments would not create solvency issues as defined in this Policy.

<sup>4</sup> Either in other holding currencies, or in promissory notes in non-holding currencies from a contributor country.

<sup>5</sup> It should be noted that extent of solvency risk exposure arising from investment commitments in non-holding currencies is limited by the diverse set of currencies the GCF may invest in, which provides a natural hedge to the GCF against investment currency appreciation.

<sup>6</sup> Conversion of funds to non-holding currencies may not be feasible within the Trustee account given the Interim Trustee Agreement. Hence either the GCF will hold non-holding currency assets in an alternative account, and if that is not feasible, then the strategy of immediate conversion will not be applicable for non-holding currency investment commitments until the Secretariat establishes appropriate currency-holding arrangements.

<sup>7</sup> 12 months has been chosen consistent with the GCF's liquidity reserve definition. As a result, this full currency matching will be relevant for sources of funds which are a part of the GCF's Liquid Asset Portfolio.

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28. Beyond the immediate 12 months, where the matched source of funds is not in the investment currency but are available in cash or cash equivalents in another currency, the Fund will convert the matched source of funds to the investment currency.<sup>8</sup>

29. For the remaining matched source of funds that are not available in cash or cash equivalents and which are not in the investment currency (e.g., matched source of funds in the form of promissory notes in another currency), the Fund will set aside an FX commitment risk buffer at an initial target amount of 20% of the Fund's nominal investment commitment amount for which the matched source of funds is not in the investment currency. This buffer is not intended to support individual projects from FX fluctuation losses that they may suffer, but to protect the GCF from solvency risk. Further, holding this buffer will result in a reduction in the GCF's commitment authority (which will then adjust as the size of the buffer is recalculated over time).

30. The Secretariat can review and modify the FX buffer amount over time as necessary. Furthermore, the Secretariat will report the status of the FX positions together with the FX buffer and amount of currency mismatch to the Second Level, the RMC, and the Board on a quarterly basis.

31. The GCF will monitor the sufficiency of the buffer versus the target level on a quarterly basis. If the buffer falls below the designated target level due to appreciation in some investment currencies, the Secretariat First Level will develop a plan to replenish the buffer back above the target level no later than one month from the day the breach of the target level was first identified.

32. The First Level will be responsible for maintaining the proposed FX commitment risk buffer and reporting on size of the buffers versus the target levels, and recommending any actions required (to replenish the buffer). The action will be finalized collaboratively, taking inputs from the Second Level. The actions should consider recommendations from the RMC and will need to be agreed with the SMT and, where appropriate, the Board.

33. The Second Level will develop a recommendation, independent of the First Level, on any action required for improving the Fund's solvency management. This recommendation will be discussed with the First Level, reviewed and finalized with the OED.

### **VI. Administrative provisions**

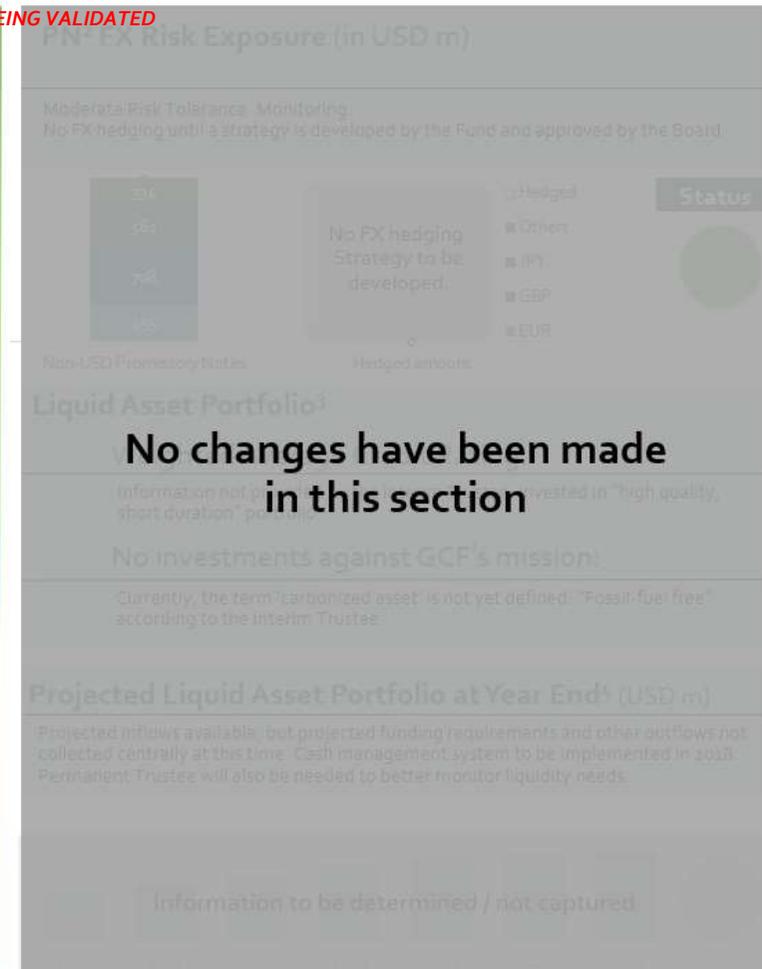
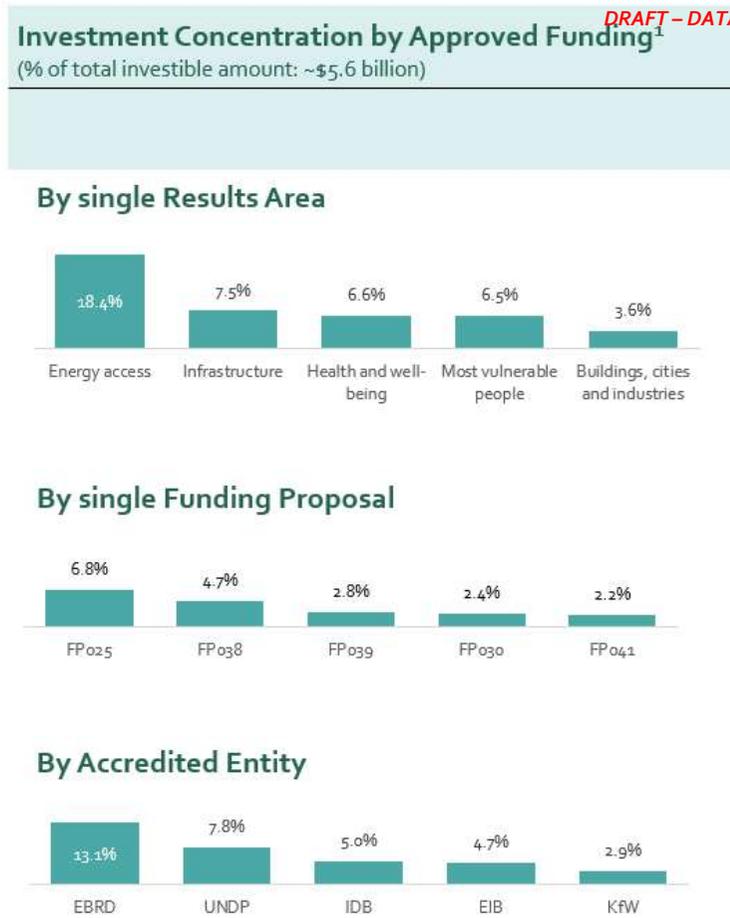
34. The provisions of this policy will take effect on 2 April 2018. If the Interim Trustee is unable to implement the requirements in the policy, they will become applicable after the selection of the Permanent Trustee. Until that time, the GCF should monitor the Fund's adherence to these requirements to the extent possible under the current agreement.

35. This policy shall be reviewed 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. Any resulting revisions to this policy which are of a material and/or substantive nature shall be presented to the Board for its consideration and approval.

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<sup>8</sup> Conversion of funds to non-holding currencies may not be feasible within the Trustee account given the Interim Trustee Agreement. Hence either the GCF will hold non-holding currency assets in an alternative account, and if that is not feasible, then the strategy of immediate conversion will not be applicable for non-holding currency investment commitments until the Secretariat establishes appropriate currency-holding arrangements.

Annex VII: Risk dashboard – revised reporting on concentration



Source: IPMS (as of 22 January 2018), GCFTF Financial Report (as of 31 December 2017)

1. Ratios measured as (Notional amounts approved to Funding Proposals / total investible amount). As of 31 December 2017, the denominator is USD 5.6 billion (GCFTF). Numerators are collected from IPMS, as of 22 January 2018. Projects/programmes spanning across multiple countries are split equally among them, as specific allocation proportion is not available.

### **\*DECISION B.17/11: Adoption of revised risk register, risk appetite statement, risk dashboard, and Risk guidelines for funding proposals**

The Board, having reviewed document GCF/B.17/12 titled “GCF risk management framework: Risk Management Committee proposal”:

- (a) Adopts the first set of components of the risk management framework as contained in annexes V to VIII to this document as follows:
  - (i) Risk management framework component I – revised risk register, as set out in annex V;
  - (ii) Risk management framework component II – risk appetite statement, as set out in annex VI;
  - (iii) Risk management framework component III – risk dashboard, as set out in annex VII;
  - (iv) Risk management framework component IV – “Risk guidelines for funding proposals”, as set out in annex VIII;
- (b) Agrees that the:
  - (i) Risk management framework component I – revised risk register referred to in paragraph (a) (i) above replaces the risk register adopted through decision B.12/34;
  - (ii) Risk management framework component II – risk appetite statement referred to in paragraph (a) (ii) above replaces the risk appetite methodology adopted pursuant to decision B.10/08 and contained in annex XXIV to decision B.10/08 (annex XXIV to document GCF/B.10/17);
  - (iii) Risk management framework component III – risk dashboard referred to in paragraph (a) (iii) above replaces the risk dashboard adopted pursuant to decision B.10/08 and contained in annex XXIII to decision B.10/08 (annex XXIII to document GCF/B.10/17);
  - (iv) Risk management framework component IV – “Risk guidelines for funding proposals” referred to in paragraph (a) (iv) above replaces the “Interim risk and investment guidelines for the public sector” and “Interim risk and investment guidelines for the private sector” adopted pursuant to decision B.13/36 and contained in annexes VIII and IX, respectively, to decision B.13/36 (annexes VIII and IX to document GCF/B.13/32/Rev.01);
- (c) Notes that the first set of components of the risk management framework as contained in annexes V to VIII complements the financial risk management framework adopted pursuant to decision B.07/05;
- (d) Takes note of the proposed preliminary risk dashboard in annex VII; and requests the Secretariat to further develop the risk dashboard and the underlying methodologies for consideration by the Board at its eighteenth meeting; the risk dashboard will be published every quarter thereafter;
- (e) Takes note of the risk rating approach as set out in annex IX;
- (f) Requests the Secretariat to continue with the development of appropriate risk rating models with the support from an external professional service provider and in consultation with the Risk Management Committee and present the risk rating models for consideration by the Board at its nineteenth meeting; and

- (g) Also requests the Secretariat to continue with the development of the risk management framework and its remaining components in consultation with the Risk Management Committee and present these for consideration of the Board at its eighteenth meeting.

### Annex V: Risk management framework component I – revised risk register

#### **I. Introduction**

1. Through decision B.12/34, the Board adopted the risk register as contained in annex XXVIII and requested the Risk Management Committee (RMC) to review the probability, impact and resulting priorities of risks prior to the thirteenth meeting of the Board. A technical note was compiled to provide an approach and rationale that estimates the probabilities, impacts and resulting priorities in the risk register. Moreover, the Board indicated that the risk register will be updated at least once a year. In addition, the Board requested the Secretariat to monitor and report to the Board at each Board meeting any changes in the priorities of the risk register.

2. The Board, through decision B.13/35, adopted the proposed revision of the risk register and concluded that the proposal was reasonable. The RMC also recommended that the Board change the risk register update interval from “at least once a year” to “as frequently as the RMC deems necessary, but no less frequent than once every three years”, due to the fact that the risk environment in which the Green Climate Fund (“GCF”, “the Fund”) operates evolves as a result of external events, changes in the mix of instruments deployed by the GCF and other strategic priorities.

3. Through decision B.13/36, the Board requested the Secretariat, in consultation with the RMC, to develop the necessary methodologies to enhance the Secretariat’s risk management capacity.

4. This document is a component of the Risk Management Framework (“RMF”), and it contains an updated version of the GCF’s previous risk register (GCF/B.13/29). The updated technical note from the RMC regarding the risk register is contained in Appendix I. The risk register provides a comprehensive list of non-overlapping risk types that concern the GCF and a clear definition for each risk type in that list. The risk register brings the following benefits:

- (a) It provides a consistent terminology for the GCF to communicate about risk.
- (b) It helps define the mandate of the Office of Risk Management and Compliance by clarifying what should be a risk concern versus what should be a strategy concern.
- (c) It defines the structure around which the rest of the RMF can be defined, thus bringing consistency across the RMF.

5. Specifically, this new version ensures that the set of risks listed in the register are comprehensive and non-overlapping, and that it clarifies the philosophy of what should be a risk concern vs. strategic concern. Beyond the risk types and definitions, GCF’s previous risk register also included some other parameters on each risk type – most importantly the likelihood, impact, and mitigating actions. These other parameters too have been updated in this version of the risk register. The main focus of these updates was to ensure greater consistency in these parameters across various risk types and with the new proposed risk appetite statement. However, the parameters have a strong dependence on the rest of the RMF (including detailed processes and procedures which are a part of the RMF) which is currently being revised. Hence, these parameters should be reviewed again after the rest of the RMF has been detailed.

#### **II. Linkages with previous decisions and other documents**

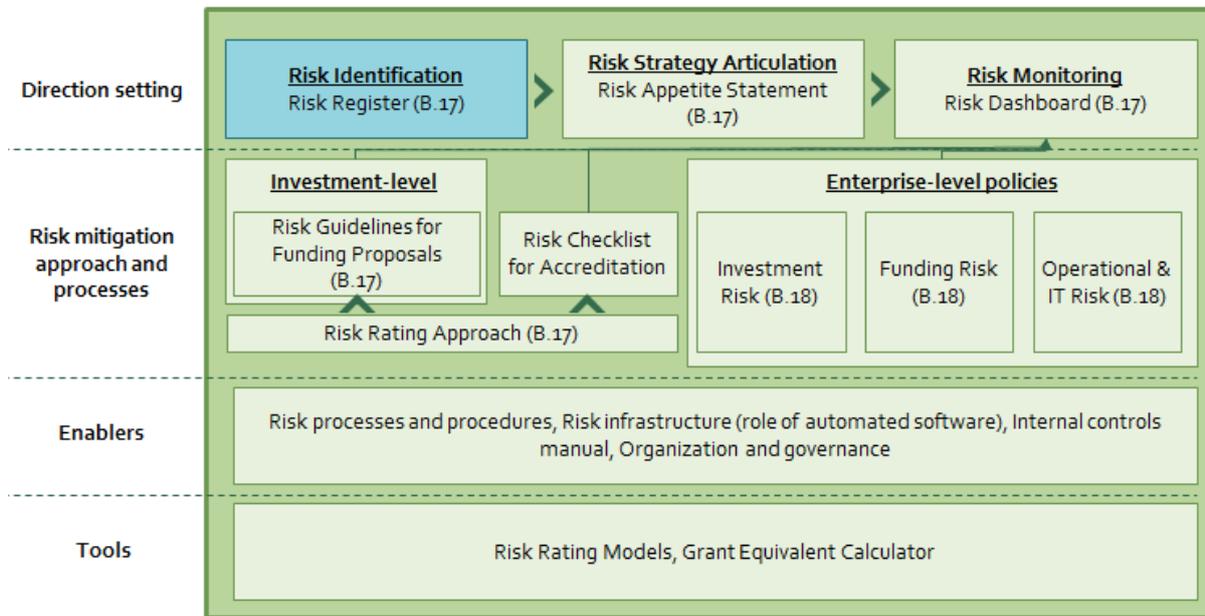
6. This document also has linkages with the following documents:

- (a) Document GCF/B.12/17 titled “Initial risk management framework: risk register, risk appetite update and Initial risk guidelines for credit and investment”
- (b) Document GCF/B.13/29 titled “Report on the proposed revision of the risk register”

#### **III. Objective**

7. This document is a component of the Risk Management Framework (RMF), and it contains an updated risk register. The risk register provides a comprehensive list of non-overlapping risk types that concern the GCF, and a clear definition for each risk type in that list.

Figure 1. Risk Management Framework (RMF) components



8. The risk register brings the following benefits:
- (a) Provides a consistent language and terminology for the GCF to communicate about risk, outlining a comprehensive set of non-overlapping risks that GCF faces with clear definitions;
  - (b) It helps define the mandate for the Office of Risk Management and Compliance by clarifying what should be a risk concern versus what should be a strategy concern; and
  - (c) It defines the structure around which the rest of the RMF can be defined, thus bringing consistency across the RMF.
9. The risk register also summarizes mechanisms in place to identify, analyse and evaluate the risks. It can be used to assess the relative priority of the risks and to take control actions to mitigate them.

**IV. Effective date**

10. The revised risk register set forth in appendix I will take effect on September 1<sup>st</sup> 2017. If the Interim Trustee is unable to implement the requirements in the revised risk register, they will become applicable after the selection of the Permanent Trustee. Until that time, the GCF should monitor the Fund’s adherence to these requirements to the extent possible under the current agreement. It should be noted that beyond the list of risk types and their definitions, other parameters described in this risk register have a strong dependence on the rest of the RMF (including the RMF’s detailed elements like processes and procedures) which is currently being revised. Hence these parameters of the risk register should be reviewed again after the rest of the RMF has been detailed.

Appendix I: Updated technical note from the Risk Management Committee and the revised risk register

**I. Introduction**

1. In decision B.12/34, the Board adopted the risk register and requested the Risk Management Committee (RMC) to review the probabilities, impacts and resulting priorities of risks prior to the thirteenth meeting of the Board. This technical note was compiled to provide an approach and rationale that estimates the probabilities, impacts and resulting priorities in the risk register.
2. This technical note has been updated as part of the revisions proposed to the risk register in this document.

**II. Definition**

3. General definitions: Risk is a potential event that can threaten the achievement of an organization’s objectives. Organizations take various actions to control risk within their risk appetite and risk tolerances. Risk that exists before organizations take mitigating actions is termed inherent risk, whereas risk that remains after control measures are taken is termed residual risk. A risk register is a documented collection of the risks impacting an activity or the organization, as well as the mechanisms in place to identify, analyze and evaluate the risks. It can be used to assess the relative priority of the risks and to take control actions to mitigate them. For each risk, the following parameters are identified:

- (a) Probability and impact: The assessment of the likelihood of the risk events occurring and, if the risk event occurs, the overall impact on the organization;

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- (b) Risk tolerance: The level of appetite or tolerance that the organization has to the particular type of risk;
  - (c) Mitigation: Mechanisms that should ideally be in place to reduce the probability of occurrence, or to reduce the impact of, each type of risk if it were to occur. Potential mitigation measures include policies, procedures, internal controls, and analytical tools;
  - (d) Priority: The relative importance to the organization of each risk based on the combination of probability of occurrence and impact; and
  - (e) Key risk indicator: The parameter(s) used to measure the level of risk that materialized.
4. Two other parameters from the previous risk register (GCF/B.13/29) - Triggers and Owners – have been removed in this revision. The Triggers parameter was removed as it had strong overlaps with the Mitigation parameter. The previous risk register (GCF/B.13/29) also assigned multiple owners to each risk. It is recommended that the Owner parameter is considered for inclusion again once the rest of the RMF has been detailed and there is further clarity on ownership (i.e. a single owner) of each risk-related activity.

### III. Proposed risk assessment approach

5. There are two types of risk: inherent risk and residual risk. Risk that exists before an organization takes mitigation actions is inherent risk, and risk that remains after control measures are taken is residual risk. The objective of risk management is to maintain the residual risk level within risk appetite and tolerance set by the board of an organization.
6. Ideally, the probability and impact of risk (and the resulting priority also) need to be based on the actual risk/loss events of the GCF. In such cases, the GCF can observe the risk probability and impact from its historical risk data, thereby directly arriving at risk priority. However, many of the estimates of risks will always be based on "expert judgment" since some of the risk types will occur very rarely so as to allow the development of a meaningful historical database with any level of statistical significance.
7. As a start-up organization, the GCF does not have its own historical data, making it inevitable that it will rely on experts' professional judgment as a starting point. Therefore, it is useful to follow the flow of logic from inherent risk to residual risk considering mitigation measure.

### IV. Initial assessment

8. The Probability of occurrence and Impact are defined as follows:
- (a) Probability of occurrence
    - (i) High – highly likely to occur within the next 12 months;
    - (ii) Somewhat likely – would not be surprising if it occurred within the next 36 months;
    - (iii) Somewhat unlikely – would be surprising if it occurred within the next 36 months; and
    - (iv) Low – highly unlikely to occur within the next 36 months.
  - (b) Impact
    - (i) High – a material adverse impact that could impede the organization's ongoing viability and/or its ability to meet its strategic objectives;
    - (ii) Somewhat disruptive – an adverse impact that would be disruptive to the viability of the GCF and/or its ability to meet its strategic objectives;
    - (iii) Somewhat non-disruptive – a relatively contained adverse impact that could impact the financials of the GCF and/or its ability to meet its strategic objectives by up to 10 per cent; and
    - (iv) Low – minimal and contained impact.
9. The priorities for inherent and residual risks are assigned using the priority grid (Table 1) approved by the Board as part of the risk dashboard, and it is effectively the result of combining the probability and impact of occurrence as an estimation of the importance of such risks.

**Table 1. Priority table**

Impact Probability of occurrence	Low (L)	Somewhat non- disruptive (SND)	Somewhat disruptive (SD)	High (H)
Low (L)	Low priority	Low priority	Low priority	Medium priority
Somewhat unlikely (SU)	Low priority	Low priority	Medium priority	Medium priority
Somewhat likely (SL)	Low priority	Medium priority	High priority	High priority
High (H)	Medium priority	Medium priority	High priority	Very high priority

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Source: Document GCF/B.10/07 titled “Initial risk management framework: methodology to determine and define the Fund’s risk appetite”

Revised risk register

Risk code		1.1	1.2
Risk category		Compliance	Compliance
Subcategory		Internal compliance breach	Regulation and sanction/embargo breach and engagement in prohibited practices
Description		Failure of staff or Board members to comply with the standards and codes of conduct, set by the GCF itself through its policies and procedures, including: Travel Policy (as appropriate), Administrative Policies of the Fund, Policies on Ethics and Conflicts of Interest, Policies on ethics and conflicts of interest for other Board appointed officials and active observers, Information Disclosure Policy, cross-subsidization between providers of grants and loans (Financial Risk Management Framework), Gender Policy and Action Plan, Fiduciary Principles and Standards, Environmental and Social Safeguards	Failure of the GCF, AE/EEs, or other related parties to adhere to the laws and regulations, including sanctions and embargoes, in jurisdictions relevant to the operations or engagements of the GCF as well as to the GCF’s prohibited practices requirements and Anti-Money Laundering and Countering the Financing of Terrorism Policy (as appropriate), etc.
Inherent risk	Prob.	Somewhat unlikely	Somewhat likely
	Impact	High	High
	Priority	Medium	High
Risk tolerance		GCF will completely avoid this risk (zero tolerance)	GCF will completely avoid this risk (zero tolerance)
Mitigation		<p>The risk will be identified and mitigated as follows:</p> <ol style="list-style-type: none"> <li>1) All HR decisions will be screened for this risk.</li> <li>2) GCF will continuously evaluate internal processes and policies (including the GCF payments process) for this risk and take corrective action as required. It will also take necessary action to improve the Compliance/Ethics Culture across GCF through adequate communication efforts and staff and Board training.</li> <li>3) GCF will continuously evaluate all internal processes and policies, Funding Proposals, and GCF's overall investments in projects / programmes for potential</li> </ol>	<p>The risk will be identified and mitigated as follows:</p> <ol style="list-style-type: none"> <li>1) Accreditation process: Potential AEs will be screened for this risk, and accreditation decisions will be taken accordingly. GCF will continue to evaluate AEs for this risk through the ongoing AE monitoring and evaluation and take corrective action as required.</li> <li>2) Projects / programmes: Concept Notes and Funding Proposals will be screened for this risk, and such evaluations will influence the final decisions taken on them. GCF will continue to evaluate projects / programmes for this risk through the ongoing project / programme monitoring and review process and take corrective action as required.</li> <li>3) All HR and procurement decisions will be screened for this risk.</li> <li>4) The GCF will continuously evaluate internal processes and policies (including the GCF payments process) for this risk. and take corrective action as required. It will also take necessary action to drive a Compliance/Ethics Culture across GCF.</li> <li>5) The GCF will continue to monitor for changes in laws and regulations, including sanctions and embargoes, applicable to GCF and take corrective action as required. GCF will also secure necessary privileges and immunities that are not yet in place and conduct periodic exchanges with home country authorities.</li> </ol>

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		policy breaches, and take corrective action as required.	
<b>Residual risk</b>	<b>Prob.</b>	Low	Somewhat unlikely
	<b>Impact</b>	High	High
	<b>Priority</b>	Medium	Medium
<b>Key risk indicator</b>		List of compliance breaches	List of compliance breaches; List of countries and exposures where GCF invests in without privileges and immunities
<b>Risk code</b>		2.1	2.2
<b>Risk category</b>		Legal risk	Legal risk
<b>Subcategory</b>		Contractual breach	Non-contractual breach
<b>Description</b>		Financial loss, sanction, and/or reputational damage resulting from the use of defective contracts or contractual relationships	Financial loss, sanction, and/or reputational damage resulting from Non-Contractual Rights Risk (the risk that GCF's assets are not properly owned or are infringed by others, or the infringement by GCF entity of another party's rights)
<b>Inherent risk</b>	<b>Prob.</b>	Somewhat likely	Low
	<b>Impact</b>	Somewhat disruptive	Somewhat non-disruptive
	<b>Priority</b>	High	Low
<b>Risk tolerance</b>		GCF will take this risk in a limited, controlled amount	GCF will take this risk in a limited, controlled amount
<b>Mitigation</b>		<p>The risk will be identified and mitigated as follows:</p> <ol style="list-style-type: none"> <li>1) GCF will screen its legal contacts (AMAs, FAAs, procurement contracts, etc.) for this risk.</li> <li>2) GCF will continuously evaluate internal processes and policies for this risk and take corrective action as required. It will also take necessary action to improve the compliance culture across GCF.</li> <li>3) GCF will continue to monitor for changes in law applicable to GCF and take corrective action as required. GCF will secure necessary privileges and immunities that are not yet in place and conduct periodic exchanges with home country authorities.</li> <li>4) The General Counsel will review all contracts, when applicable, and take corrective action as required.</li> </ol>	<p>The risk will be identified and mitigated as follows:</p> <ol style="list-style-type: none"> <li>1) GCF will continuously evaluate internal processes and policies for this risk and take corrective action as required. It will also take necessary action to improve the Compliance/Ethics Culture across GCF.</li> <li>2) GCF will continue to monitor for changes in law applicable to GCF and take corrective action as required.</li> <li>3) The General Counsel will oversee legal documents and internal practices and take corrective action as required. GCF may use external counsel, if necessary.</li> <li>4) GCF will continue to monitor AMA and FAA commitments and take corrective action as required.</li> </ol>
<b>Residual risk</b>	<b>Prob.</b>	Somewhat unlikely	Low
	<b>Impact</b>	Somewhat disruptive	Somewhat non-disruptive
	<b>Priority</b>	Medium	Low
<b>Key risk indicator</b>		List of legal disputes; List of countries and exposures where GCF invests in without privileges and immunities	List of legal disputes
<b>Risk code</b>		3	4.1
<b>Risk category</b>		Reputation risk	Operational and IT risk
<b>Subcategory</b>		N/A	Disasters and other events
<b>Description</b>		Adverse perception which	Disruption of business due to

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		has a material effect on the credibility of GCF (beyond the Reputational damage which may be incurred due to one of the other risks in this register)	operations standards or non-compliance with external requirements that affect operations activities	natural or man-made catastrophic disasters
<b>Inherent risk</b>	<b>Prob.</b>	High	Somewhat likely	Somewhat unlikely
	<b>Impact</b>	Somewhat disruptive	Somewhat non-disruptive	Somewhat disruptive
	<b>Priority</b>	High	Medium	Medium
<b>Risk tolerance</b>		GCF will take this risk in a limited, controlled amount	GCF will take this risk in a limited, controlled amount	GCF will take this risk in a limited, controlled amount
<b>Mitigation</b>		Reputational risk can persist despite the broader risk mitigation measures in place. GCF's strategy will include a clear plan to mitigate and manage this risk <sup>1</sup> . GCF will be informed by reputational risk monitoring, which will be identified and measured in media monitoring and engagement with AEs, NDAs, CSOs, and other stakeholders. GCF will also set a stakeholder engagement plan that has to be executed in cases where reputation risk is deemed high (e.g. frequent negative international coverage on a GCF-supported project). For reputational risks resulting from the complexity of applying for GCF funds or slow, inefficient decision-making processes, GCF will provide guidance and readiness programmes for relatively inexperienced AE/EE/NDAs, and distribute materials to facilitate awareness and understanding of the process.	GCF will implement controls in its operational processes to mitigate this risk. The effectiveness of these controls will be continuously evaluated through GCF's Risk Control Self-Assessment, and corrective action will be taken to modify controls where required.	GCF will set up a business continuity plan to prepare for such events, and socialize and train the organization on it. This plan will include a cloud-centric way of holding and securing information assets, combined with mobile computing to allow staff to work remotely and a business continuity management system consistent with ISO 22301:2012.
<b>Residual risk</b>	<b>Prob.</b>	Somewhat likely	Somewhat unlikely	Low
	<b>Impact</b>	Somewhat disruptive	Somewhat non-disruptive	Somewhat non-disruptive
	<b>Priority</b>	High	Low	Low
<b>Key risk indicator</b>		List of adverse publicity reports; List of grievances	Funding Proposal approval time; AE accreditation approval time	List of natural catastrophes, geopolitical events, wars, and terrorism affecting GCF's operations
<b>Risk code</b>		4.3	4.4	4.5
<b>Risk category</b>		Operational and IT risk	Operational and IT risk	Operational and IT risk

<sup>1</sup> This will include a Communication strategy, which includes an approach to disseminating results. In addition, this risk will be mitigated through internal processes manuals, readiness programme, accreditation process, Country Programming outreach, financial management processes of the GCF, media monitoring, and participation of observers in Board meetings.

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<b>Subcategory</b>	IT systems failure	Cyber attack	Staffing risk	
<b>Description</b>	Disruption of business due to unavailability / inaccessibility of IT infrastructure and applications.	Misappropriation of internal data and/or information by a third party through IT means, such as system security breach, hacking, phishing attacks, and cybercrime. Also includes hacking damage and malware / virus attacks.	Operational failures, losses and other disruptions arising from the staffing model of the GCF, including staff headcount level and external consultants as well as from problems with recruitment, retention, succession planning, integrity and morale among GCF staff.	
<b>Inherent risk</b>	<b>Prob.</b>	Somewhat likely	Somewhat likely	High
	<b>Impact</b>	Somewhat disruptive	Somewhat disruptive	Somewhat disruptive
	<b>Priority</b>	High	High	High
<b>Risk tolerance</b>	GCF will take this risk in a limited, controlled amount	GCF will take this risk in a limited, controlled amount	Limited, controlled amount	
<b>Mitigation</b>	GCF will set up an IT system evaluation, monitoring, and back-up strategy (in the event of a failure).	GCF will set up appropriate systems to assess, monitor, and prevent breaches, and establish protocols in the case of system breaches or data theft to minimize damages.	GCF will maintain a competitive compensation package, effective performance management system, and continuous learning opportunities. GCF will also take necessary actions to reduce vacancies and turnovers, increase staff morale, and address employee concerns or complaints.	
<b>Residual risk</b>	<b>Prob.</b>	Somewhat unlikely	Somewhat unlikely	Somewhat likely
	<b>Impact</b>	Somewhat non-disruptive	Somewhat non-disruptive	Somewhat non-disruptive
	<b>Priority</b>	Low	Low	Medium
<b>Key risk indicator</b>	List of IT system failures	List of information security breaches	List of complaints on employee behaviour; Employee turnover rate; Vacancy rate	
<b>Risk code</b>	5.1	5.2	6.1	
<b>Risk category</b>	Project/programme failure risk	Project/programme failure risk	Funding risk	
<b>Subcategory</b>	Project/programme failure: Risk of non-compliance against internal requirements	Project/programme failure: Impact risk	Funds held in Trust: Foreign exchange (FX) risk	
<b>Description</b>	Failure of the AE/EE or other related parties to comply with GCF's internal policies, guidelines, applicable regulations, and respective agreements (e.g. AMA, FAA) with involved parties to a project/programme.	Failure of the project/programme to deliver the expected transformative mitigation and adaptation climate impact	Loss in the value of contributions due to foreign exchange rate fluctuations	
<b>Inherent risk</b>	<b>Prob.</b>	Somewhat likely	High	Somewhat likely
	<b>Impact</b>	Somewhat disruptive	Somewhat disruptive	Somewhat disruptive
	<b>Priority</b>	High	High	High
<b>Risk tolerance</b>	GCF will take this risk in a limited, controlled amount	GCF will actively take this risk to achieve its mandate	GCF will take this risk in a limited, controlled amount	
<b>Mitigation</b>	Concept Notes and Funding Proposals will be screened for this risk, and the evaluation	Concept Notes and Funding Proposals will be screened for this risk, and the evaluation will	The risk will be monitored by the Secretariat through a contribution management system and	

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		will influence the decisions taken on them. In addition, the risk will also be identified and measured in the accreditation process and AE monitoring process <sup>2</sup> . GCF will also continue to evaluate projects / programmes for this risk through the ongoing project / programme monitoring and review process and take corrective action as required.	influence the decisions taken on them. In addition, the risk will be identified and measured in country programming outreach efforts and readiness programme. GCF will also continue to evaluate projects / programmes for this risk through the ongoing project / programme monitoring and review process <sup>3</sup> and take corrective action as required.	mitigated through conversion of cash received to one of GCF's holding currencies, FX hedging, and continuous monitoring of the resulting FX position (enabling corrective action if required).
<b>Residual risk</b>	<b>Prob.</b>	Somewhat unlikely	High	Somewhat unlikely
	<b>Impact</b>	Somewhat disruptive	Somewhat disruptive	Somewhat non-disruptive
	<b>Priority</b>	Medium	High	Low
<b>Key risk indicator</b>		List of countries where GCF invests in without privileges and immunities; Customer Due Diligence Assessment Reports	Portfolio distribution by Project Success Risk Rating, Accredited Entities, Country, Results Area, Projects / Programmes etc.; Ongoing project delays; Impact achievements (Measurement of core adaptation and mitigation indicators)	Proportion hedged as percentage of total FX exposure
<b>Risk code</b>		6.2	6.3	6.4
<b>Risk category</b>		Funding risk	Funding risk	Funding risk
<b>Subcategory</b>		Funds held in Trust: Policy compliance risk	Funds held in Trust: Investment risk	Funding: Liquidity risk
<b>Description</b>		Failure to comply with GCF's policies on funds held in Trust	Losses in the value of investments of GCF's funds held in Trust due to market movements in the price of the securities	Timing mismatch between the cash inflows and cash outflows leading to shortages in the ability of the GCF to face its payment obligations
<b>Inherent risk</b>	<b>Prob.</b>	Somewhat likely	Somewhat likely	Somewhat likely
	<b>Impact</b>	High	Somewhat disruptive	Somewhat disruptive
	<b>Priority</b>	High	High	High
<b>Risk tolerance</b>		GCF will take this risk in a limited, controlled amount	GCF will take this risk in a limited, controlled amount	GCF will take this risk in a limited, controlled amount
<b>Mitigation</b>		GCF will set investment boundaries for its Trustee. The investment portfolio will continuously be monitored against those boundaries and the boundaries will be enforced using the arrangement with the Trustee <sup>4</sup> .	GCF will set risk targets for its Trustee. The investment portfolio will continuously be monitored against those targets and the targets will be enforced using the arrangement with the Trustee. GCF will also set concentration targets for its Trustee and monitor concentration levels <sup>5</sup> .	GCF's liquidity reserve will be analyzed in each Funding Proposal, and it will guide the decision taken on the Funding Proposal. GCF will continuously monitor its liquidity position vis-a-vis its Risk Appetite through various tools, such as cash flow models and contribution management system, and take

<sup>2</sup> The AE monitoring process will include monitoring of media and other public sources, and periodic interaction with NDAs.

<sup>3</sup> The project / programme monitoring and review process will include assessment based on the GCF results management framework.

<sup>4</sup> If the Interim Trustee is unable to implement these requirements, they will become applicable after the selection of the Permanent Trustee. Until that time, the GCF should monitor the Fund's adherence to these requirements to the extent possible under the current agreement.

<sup>5</sup> If the Interim Trustee is unable to implement these requirements, they will become applicable after the selection of the Permanent Trustee. Until that time, the GCF should monitor the Fund's adherence to these requirements to the extent possible under the current agreement.

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				corrective action as required.
<b>Residual risk</b>	<b>Prob.</b>	Low	Somewhat unlikely	Somewhat unlikely
	<b>Impact</b>	High	Somewhat disruptive	Somewhat non-disruptive
	<b>Priority</b>	Medium	Medium	Low
<b>Key risk indicator</b>	Confirmation that liquid asset portfolio <sup>6</sup> is not invested against the mission of the GCF.		Average credit rating of liquid asset portfolio. Confirmation that the Fund invests only in investment grade securities. Confirmation of the average and maximum duration for liquidity reserve <sup>7</sup> and other funds (see risk appetite statement).	Cash flow projection; Liquidity reserve size vs. target; Credit defaults
<b>Risk code</b>	6.5		7.1	7.2
<b>Risk category</b>	Funding risk		Financial investment risk	Financial investment risk
<b>Subcategory</b>	Funding: Contribution uncertainty risk		Equity investments: Valuation shock risk	Equity investments: Exit strategy risk
<b>Description</b>	Failure to convert all pledges into contributions in total, or within the promised time frame		Severe negative shocks to valuations of GCF's equity investments	Failure of GCF to exit its equity investments
<b>Inherent risk</b>	<b>Prob.</b>	Somewhat likely	High	High
	<b>Impact</b>	High	Somewhat disruptive	Somewhat non-disruptive
	<b>Priority</b>	High	High	Medium
<b>Risk tolerance</b>	GCF will take this risk in a limited, controlled amount		GCF will actively take this risk to achieve its mandate	GCF will actively take this risk to achieve its mandate
<b>Mitigation</b>	GCF will continuously evaluate its commitment authority and encashment schedule, and risk of payment roll backs and delays through the contribution management system, periodic engagements with contributors, and media and other public sources monitoring. The Board will be kept abreast with the funding position using the resource mobilization reports.		Concept Notes and Funding Proposals will be screened for this risk, and such evaluations will influence the decisions taken on them. GCF will continue to evaluate projects / programmes for this risk through the ongoing project / programme monitoring and review process and take corrective action as required.	Concept Notes and Funding Proposals will be screened for this risk, and such evaluations will influence the decisions taken on them. GCF will continue to evaluate projects / programmes for this risk through the ongoing project / programme monitoring and review process and take corrective action as required.
<b>Residual risk</b>	<b>Prob.</b>	Somewhat unlikely	High	High
	<b>Impact</b>	High	Somewhat disruptive	Somewhat non-disruptive
	<b>Priority</b>	Medium	High	Medium
<b>Key risk indicator</b>	Deviation from expected payment, deposit or encashment schedules; Percentage of pledges remaining unsigned; Percentage exposure to contributors (by contributor,		Changes in equity valuations relative to the initial equity investment per Funding Proposal; Changes in overall valuation of GCF's equity investment portfolio	List of equity investments without a clear exit strategy

<sup>6</sup> The liquid asset portfolio is defined as securities, cash or cash equivalents held in Trust or in GCF's bank accounts (see risk appetite statement).

<sup>7</sup> The GCF will set an appetite level on the size of the GCF's liquidity reserve that will be equivalent to sufficient levels to sustain net funding requirements for 1 year (see risk appetite statement).

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		financial instrument)		
<b>Risk code</b>		7.3		7.4
<b>Risk category</b>		Financial investment risk		Financial investment risk
<b>Subcategory</b>		Credit: Counterparty risk		Credit: Convertibility and Transfer Risk
<b>Description</b>		The risk that a GCF loan financing recipient will become unwilling or unable to satisfy the terms of a loan obligation to the GCF, or that the value of a loan asset declines due to a deterioration in the creditworthiness of the issuer		The risk that a government will impose a moratorium on, or otherwise prohibit private sector obligators from servicing their foreign currency debts in a timely manner by restricting the ability of the obligor to convert a local currency balance to a foreign currency balance and/or transfer a foreign currency balance to its foreign currency creditors.
<b>Inherent risk</b>	<b>Prob.</b>	High		Somewhat unlikely
	<b>Impact</b>	Somewhat non-disruptive		Somewhat non-disruptive
	<b>Priority</b>	Medium		Low
<b>Risk tolerance</b>		GCF will actively take this risk to achieve its mandate		GCF will actively take this risk to achieve its mandate
<b>Mitigation</b>		Concept Notes and Funding Proposals will be screened for this risk, and such evaluations will influence the decisions taken on them. Accreditation decisions will also be dependent on credit risk assessment. GCF will also continue to evaluate projects / programmes / AEs for this risk through the ongoing project / programme and AE monitoring (including credit risk monitoring) and review process and take corrective action as required.		Concept Notes and Funding Proposals will be screened for this risk, and such evaluations will influence the decisions taken on them. GCF will continue to evaluate projects / programmes for this risk through the ongoing project / programme monitoring and review process and take corrective action as required. NDAs will be involved to further mitigate this risk.
<b>Residual risk</b>	<b>Prob.</b>	High		Low
	<b>Impact</b>	Somewhat non-disruptive		Somewhat non-disruptive
	<b>Priority</b>	Medium		Low
<b>Key risk indicator</b>		Deviation of reflows from loan disbursements (split by deviations driven by counterparty risk vs. convertibility and transfer risk); List of delinquent loans with degree of delinquency and delinquent amount (split by delinquencies driven by counterparty risk vs. convertibility and transfer risk); Portfolio distribution by Credit Risk Rating		Deviation of reflows from loan disbursements (split by deviations driven by counterparty risk vs. convertibility and transfer risk); List of delinquent loans with degree of delinquency and delinquent amount (split by delinquencies driven by counterparty risk vs. convertibility and transfer risk)

### Annex VI: Risk management framework component II – risk appetite statement

#### **I. Introduction**

1. Through decision B.13/36, the Board requested the Secretariat, in consultation with the RMC, to develop the necessary methodologies to enhance the Secretariat's risk management capacity. This document presents the initial risk appetite statement to guide the level of risk taking by the Green Climate Fund ("GCF", "the Fund") and, where required, steer mitigation of such risks. This document is part of the broader Risk Management Framework ("RMF").
2. In order to achieve its mission to promote paradigm shift towards low-emission and climate-resilient development pathways, the GCF will be required to take various forms of risks. The definition of these risks is included in the risk register (part of the RMF).
3. This document<sup>1</sup> provides a statement of the levels of risk that the GCF is willing to take (the Fund's "appetite" for risk). The risks are differentiated across the types defined in the risk register (part of the RMF), and are further

<sup>1</sup> This document does not specify the process of risk assessment, the investment criteria for the GCF, or methods of mitigating breaches. Such specific details are discussed in other policy documents.

differentiated between risks inherent with running a large fund, and risks specific to the considered funding proposals.

4. The risk appetite statement is the desired risk profile for the GCF as a whole across the full spectrum of risk-types defined in the risk register (another component of the RMF).
5. The purpose of the risk appetite statement is to provide guidance on:
  - (a) Overall level of risk that GCF is willing to take to achieve its objectives.
  - (b) Types of risks to be monitored.
  - (c) Qualitative appetite statements and quantitative metrics that can be cascaded to specific business units to guide their day-to-day operations.
6. The risks faced by the GCF range from those for which the GCF has no appetite (e.g. compliance risks) to those that the GCF has a relatively high risk appetite, e.g. certain Funding Proposal (“FPs”, “proposals”) risks. Overall, the GCF has zero-tolerance for illegal practices and integrity or policy breaches, relatively moderate risk tolerance for activities that arise as a result of operating a global investment fund, and considerable risk tolerance for activities necessary to realize GCF’s mandate.

### **II. Linkages with previous decisions and other documents**

7. At its seventh meeting, the Board requested the Secretariat, in consultation with the RMC, to prepare an analysis of the Fund’s potential risk appetite under different key assumptions as part of its financial risk management framework (decision B.07/05).
8. Furthermore, the Board took note of document, B.09/13 “Initial Risk Management Framework: Survey of methodologies to define and determine risk appetite” (decision B.09/06).
9. The Board requested the Secretariat, in consultation with the RMC, to present an initial risk appetite statement for the GCF as per decision B.10/08.
10. This document is part of a staged evolution of the RMF at the GCF, as the Fund seeks to refine its vision around risk taking and risk culture. This document builds on previous decisions undertaken by the Board:
  - (a) Paragraph 2 of the Governing Instrument established GCF’s mission to “promote 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 consideration the needs of developing countries particularly vulnerable to the adverse effects of climate change.
  - (b) Decision B.06/06 requested the GCF to strive to balance the portfolio based on a 50:50 theme-based allocation between mitigation and adaptation, and within adaptation, at least 50% allocation for particularly vulnerable countries (including Least Developed Countries (“LDCs”), Small Island Developing States (“SIDS”), and African States).
  - (c) Decision B.07/05 established the initial financial risk management framework of the GCF, consisting of financial risk policies, a financial risk monitoring and reporting management system and financial risk governance arrangements. The financial risk policies were further elaborated through decision B.08/13 as part of the policies for contributions. Elements of the financial risk monitoring and reporting management system were defined through decision B.08/18 (financial reporting and the external auditing process) and decision B.BM-2015/06 (internal control framework).
  - (d) Decision B.07/05 also requested the Secretariat to start the process of analysis to determine the risk appetite of the GCF. Through decision B.09/06, the Board took note of a survey of methodologies to define and determine the risk appetite and through decision B.10/08 it adopted the risk dashboard, its related risk categories and subcategories, and the methodology to be followed by the GCF to set its risk appetite.
11. This document also has linkages with the following documents:
  - (a) Financial Risk Management Framework (GCF/B.07/05);
  - (b) Investment Framework (GCF/B.07/06);
  - (c) Further development of the Initial Results Management Framework (GCF/B.08/07);
  - (d) Policies for Contributions to the Green Climate Fund (GCF/B.08/16);
  - (e) Initial Risk Management Framework: Survey of methodologies to determine and define risk appetite (GCF/B.09/13);
  - (f) Further development of the Initial Investment Framework: Sub-criteria and Methodology (GCF/B.09/07);

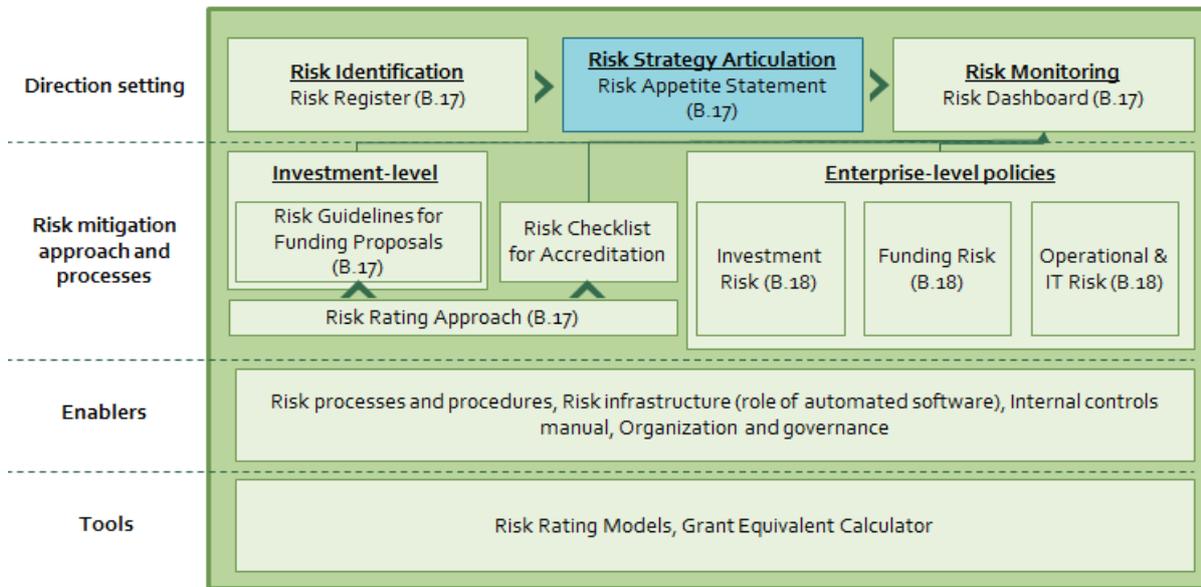
## Chapter I: Business Model

- (g) Initial Risk Management Framework: risk register, risk appetite update and initial risk guidelines for credit and investment (GCF/B.12/17); and
- (h) Initial Strategic Plan for the GCF: the need for improved and coherent guidance on the Fund’s investment criteria and risk appetite (GCF B.12/32 Annex I).

### III. Objective

12. This document is a part of the comprehensive GCF RMF with the objective of setting the appropriate level of risk taken by the GCF. The components of the framework are presented below in Figure 1.

**Figure 1. RMF components (in brackets for each component: the Board meeting when it is planned to be discussed).**



13. The objective of this document is to propose an initial risk appetite statement for the Fund. The risk appetite describes the overall level of risk that the GCF is willing to take in order to achieve its objectives. This statement will encompass:

- (a) A set of top-down, Board level directions to steer level of risk taking.
- (b) An interpretation of the Governing Instrument into practical risks faced in day-to-day operations.
- (c) An emphasis on key risks that could compromise the ability to achieve GCF’s strategic mandate.
- (d) Quantitative metrics and qualitative statements describing acceptable risk levels.

### IV. Structure of the risk appetite statement

14. The GCF defines three levels of appetite for risk taking, from zero tolerance to considerable tolerance, that differ across risk types:

- (a) Prohibited risk taking (“zero risk tolerance”): Activities that the GCF will not engage in and for which the GCF will have zero risk tolerance.
- (b) Risks to be carefully managed and where practicable minimized (“moderate risk tolerance”): Risk taking based on activities that are a by-product of operating a materially significant fund.
- (c) Risks taken to achieve strategic impact (“considerable risk tolerance”): Risks required to be taken to fulfil the GCF mandate, to be compensated through climate change impact.

### V. Risk appetite statement

#### 5.1 Overall statement of risk appetite

15. The GCF is required to take risks in order to fulfil its mandate, however such risks will be carefully managed:

- (a) The Fund will uphold the highest level of integrity in conducting its operations and hence has zero-tolerance towards partaking in prohibited practices, breaches of international sanctions / embargoes, by staff, Board members, counterparties and partners (especially Accredited and Executing Entities (“AEs” and “EEs”). The Fund will also have zero tolerance for violations of applicable internal policies by staff or Board members.

- (b) The GCF seeks a stable and moderate enterprise risk profile which will enable the Fund to ensure adequacy and predictability of financial resources, maintain a well-balanced portfolio of projects/programmes consistent with the principles of country ownership and the Conference of the Parties' guidance, and operate in a transparent, accountable, and efficient manner.
- (c) In order to realize significant impact and promote paradigm shift to meet the Fund's strategic objectives, the Fund is willing to accept considerable uncertainties around investment risks in return for impact potential, to be evaluated on a case-by-case basis recognizing specifics of each proposal. The Fund will strive to mitigate programme risks to provide reasonable assurance that investments can fulfil their stated objectives.

5.2 Tolerance level 1: zero risk tolerance

### 5.2.1 Compliance risk

#### Regulation and sanction/embargo breach and engagement in prohibited practices

16. The GCF will have zero tolerance towards its staff, Board members, counterparties and partners (especially AEs and EEs) breaching the Fund's prohibited practices requirements, and Anti-Money Laundering, Countering the Financing of Terrorism Policy (as appropriate), etc.

17. The GCF will also have zero tolerance for working with parties subject to sanctions, embargoes, or similar measures issued by reputable international organizations such as the United Nations ("UN").

### 5.2.2 Internal compliance breach

18. The GCF will have zero tolerance towards its staff and Board members breaching the following policies:

- (a) Policies on Ethics and Conflicts of Interest (for the Executive Director and external members of the GCF panels and groups) (B.10/13/Rev.01).
- (b) Information Disclosure Policy (B.12/35).
- (c) Administrative Policies of the Fund (BM-2014/01).
- (d) Financial Risk Management Framework (B.07/05): cross-subsidization between providers of grants and providers of loans.
- (e) Gender Policy and Action Plan (B.09/10).
- (f) Guiding Framework and Procedures for Accrediting National, Regional and International Implementing Entities and Intermediaries, Including the Fund's Fiduciary Principles and Standards and Environmental and Social Safeguards (B.07/02).

19. The above lists of policies should be updated on a quarterly basis.

5.3 Tolerance level 2: moderate risk tolerance

### 5.3.1 Concentration risk

20. To ensure that the GCF maintains a diverse portfolio to optimize deployment of its financial resources, the Fund will maintain prudential risk appetite levels on the amount of funding allocated to result areas, countries, and projects. The GCF will monitor its exposure levels (in nominal amount of cumulative GCF cash transfers and funding approvals for ongoing projects at a Fund level, i.e. for PSF and DMA combined) for the following:

- (a) The GCF will target no more than [50%] of total investible amount into a single results area<sup>2</sup>.
- (b) The GCF will target no more than [10%] of total investible amount into a single proposal.<sup>3</sup>

21. The total investible amount is defined as the sum of the GCF's liquid asset portfolio size, the nominal amount of GCF's unencashed promissory notes with fixed encashment dates deposited with the Trustee, and the total nominal amount disbursed to live projects / programmes. The liquid asset portfolio is defined as securities, cash or cash equivalents held in Trust or in GCF's bank accounts.

22. In addition, the GCF will monitor its exposure by country, AE and EE<sup>4</sup> and the impact of this exposure on other risk dimensions (e.g. credit risk, equity risk, impact risk). The Fund will also balance its deployment of funding instruments (i.e. grant, equity, loan, and guarantees) in accordance with its investment policies and guidelines.

### 5.3.2 Foreign Exchange ("FX") risk

23. The GCF faces two major sources of FX Risk:

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<sup>2</sup> Results area is defined as one of: Energy access and power generation; Low emission transport; Building, cities, and industries and appliances; Forestry and land use; Most vulnerable people and communities; Health and well-being, and food and water security; Infrastructure and built environment; Ecosystem and ecosystem services.

<sup>3</sup> Refer to risk dashboard for examples.

<sup>4</sup> The GCF will review annually whether to include an appetite level for concentration by country, AE and EE.

- (a) FX risk on the Asset side. The GCF operates with financial instruments in holding currencies that could be repaid in currencies other than holding currencies to meet the Fund's mandate.
  - (b) FX risk on the Liability side. Receiving contributions from countries in currencies that do not match the currency in which future funding proposals will be denominated. This can further be distinguished between:
    - (i) Contributions through cash received and promissory notes encashed, held in the Trustee account;
    - (ii) Contributions through promissory notes received but not yet encashed;
    - (iii) Contributions through cash not yet received and promissory notes not yet deposited or encashed.
24. While the overall FX risk appetite for FX risk is moderate, the fund has markedly different appetite across the above categories.
25. Investments of the GCF that implement funding proposals with local currencies are subject to a risk of repayment in holding currencies. The asset side FX risk can be of considerable risk tolerance providing the Board a broader set of investment options, in line with the Fund's mission to promote paradigm shift towards low-emission and climate-resilient development pathways.
26. Contributions already received and encashed will be held in holding currencies, converted on receipt of funds, at a proportion determined by the Secretariat based on their expectation of future cash outflows (referred to in paragraph 23 (b) (i)).
27. Contributions through promissory notes received but not yet encashed (referred to in paragraph 23 (b) (ii)), and contributions through cash not yet received and promissory notes not yet deposited and unencashed (referred to in paragraph 23 (b) (iii)) are not required to be hedged, however the Secretariat may decide to implement a hedging strategy for additional conservatism. Any such hedging must be guided by a clear policy to be approved by the Board. Further, the Secretariat must ensure that the GCF has all necessary arrangements (models, agreements etc.) in place before it engages in any hedging.

### 5.3.3 Funds held in trust risk

28. The GCF will also actively manage its liquid asset portfolio through the Trustee in accordance with the Fund's investment policy or, should the Fund not have an investment policy, by the Trustee's default investment strategy. The eligibility criteria for the liquid asset portfolio securities will also be guided in the same manner. The GCF will be prudent in establishing liquid asset portfolio investment policies and guidelines to maintain a conservative risk profile with the following appetites:
- (a) The Fund will only invest in investment grade securities;
  - (b) The Fund will target average credit rating of [AA] equivalent by international rating agencies, or an equivalent risk metric approved by the Board, for its liquid asset portfolio;
  - (c) The funds earmarked for the Fund's liquidity reserve will only be invested in securities with duration no longer than one year. All other funds in the liquid asset portfolio (representing the Fund's excess liquidity) will only be invested in securities with duration no longer than five years and average duration no longer than two years; and
  - (d) In its liquid asset portfolio, the GCF will refrain from making investments that go against the Fund's mission to promote paradigm shift towards low-emission and climate-resilient development pathways. The Trustee will monitor the asset allocation of the liquid asset portfolio in this regard and report to the GCF on it.
  - (e) If the Interim Trustee is unable to implement these requirements, they will become applicable after the selection of the Permanent Trustee. Until that time, the GCF should monitor the Fund's adherence to these requirements to the extent possible under the current agreement.

### 5.3.4 Reputational risk

29. Given that the GCF will operate in new, transformational areas that may be untested, continued support from global stakeholders will be essential to the GCF's success, and the GCF will seek to actively engage stakeholders and plan and respond to reputational issues which may arise. That being said, the GCF will manage the reputational risk through stringent monitoring and oversight policies applied across all GCF operations.
30. The GCF will monitor and manage the following:
- (a) Adverse publicity;
  - (b) Grievances from projects.

### 5.3.5 Project/programme: risk of non-compliance against internal requirements

31. The GCF is heavily reliant on the intermediary entity, the AE, for all stages of operation, from project sourcing and due diligence to project execution, governance, and monitoring. The GCF has policies and documents in place,

which set the standards for actions by AEs, EEs and other partners, and there is limited risk appetite to breaches of those standards:

- (a) Gender Policy and Action Plan (B.09/10).
- (b) Guiding Framework and Procedures for Accrediting National, Regional and International Implementing Entities and Intermediaries, Including the Fund's Fiduciary Principles and Standards and Environmental and Social Safeguards (B.07/02).
- (c) Accreditation Master Agreement.
- (d) Funded Activity Agreement.
- (e) Local regulations that are not explicitly covered in the Interim Policy on Prohibited Practices.

32. In order to further mitigate this risk, the GCF will monitor the list of countries (and corresponding approved funding) in which the Fund is investing but has not secured privileges and immunities.

### 5.3.6 Legal risk

33. Legal risk for the GCF is the risk of loss caused by defective transactions, penalties or sanctions originating from lawsuits filed against the Fund, sanctions pronounced by a regulatory or government body, and changes to legal frameworks. The GCF will manage its legal risk by closely monitoring the number of any legal disputes that arise across the operations of the GCF.

### 5.3.7 Funding contribution uncertainty risk and liquidity risk

34. Predictable funding is essential for the GCF to achieve its objectives. The GCF will take necessary actions to protect the predictability of its financial resources, including diversifying sources of contributions across a range of contributor countries, managing cancellation, postponement, and other changes in encashment schedules, ensuring to convert the pledges or encashment of promissory notes in a timely manner, and preventing over-concentration of contributions to be encashed. This will effectively help the GCF manage any risks associated with cash flow mismatches, that is, mismatch that may arise between the effective duration of the contributions and commitments with regards to pledge conversions, disbursements, or reflow. Failure to manage cash flow could have an impact on the Fund's ability to undertake and fund projects/programmes.

35. The GCF will ensure sufficient liquidity at all times. The GCF will set an appetite level on the size of the GCF's liquidity reserve that will be equivalent to sufficient levels to sustain net funding requirements for 1 year. This threshold should be reviewed in the future, when GCF's cash management practices are better established. Net funding requirements over a period of time are defined as the planned outflows over the period of time (including disbursements and Board and Secretariat expenses) net of the planned contribution encashments over the same period of time. It should be noted that at present, GCF does not plan to use planned project reflows to reduce Net funding requirements. This decision should be reviewed in the future once reflows become a significant part of GCF's planned inflows.

36. Currently the GCF approves FPs only if there is a known source of funds from contributions rather than reflows. Further at present the GCF does not plan to depend on project reflows for its liquidity needs. In the future, if the GCF starts depending on project reflows to meet liquidity needs, the Board may consider maintaining an alternate source of funding for the GCF to cover for unexpected shortfalls or delays in reflows.

37. The GCF will also monitor the following areas:

- (a) Projection of expected net inflows and outflows and deviations from expected commitment schedules;
- (b) Concentration of funding contributors.

### 5.3.8 Operational and IT risk

38. The Fund will actively manage any operational and IT risks that may arise across all stages of Fund operations, including process and execution, human resources ("HR"), systems and information, and catastrophic events, and business continuity risks that may jeopardize the Fund's day-to-day operations.

39. To do so, the GCF will closely monitor the following risk areas:

- (a) Timelines for FP approval and target timelines for AE approval.
- (b) Vacancy rate, employee turnover rate and internal or external complaints on employee behaviour.
- (c) Number of information security breach attempts, and number of system failures.
- (d) Natural catastrophe occurrences, geopolitical events, wars, and terrorism.

5.4 Tolerance level 3: considerable risk tolerance

### 5.4.1 Financial investments: equity investments risk

40. The GCF will utilize equity investments, accepting the fact that such investments may pose considerable financial risk. The Fund will seek to understand and manage the associated risks, such as possibility of decline in equity valuation (resulting in decline in return on equity investment below target) or illiquid equity markets that may affect the GCF's exit. The GCF will regularly monitor changes in equity valuations relative to the initial equity investment through the AE during the project lifecycle, depending on accounting requirements of the target country.

### 5.4.2 Financial investments: credit risk

41. The GCF will actively take credit risk to meet its strategic mandate of promoting paradigm shift towards low-emission and climate-resilient development pathways. The GCF is willing to take on risks that other investors will not take.

42. The GCF will aim to utilize its investments to crowd-in other debt, and to enhance the credit worthiness of a project. The GCF will also enter relatively high risk transactions, such as junior positions in credit structures or being the sole investor, in order to meet its strategic mandate.

43. The GCF will set an initial required cushion for loss reserves being equal to 20%<sup>5</sup> (in grants) of the face value of the loan contribution provided to the Fund by the loan contributors for non-performing loans, and the adequacy of the cushion will be reviewed at the end of the Initial Resource Mobilization (IRM) period. Loan cushions will not count toward grant equivalency or individual debt limit calculations. The GCF will actively monitor the credit performance of its funded portfolio.

44. If the loan contributions provided to the Fund grow in the future and become a significant portion of its investible amount, the GCF might consider updating this appetite statement to further mitigate the risks of excessive credit losses, in order to ensure that the GCF is able to repay the loan contributions.

### 5.4.3 Project/programme programme failure: impact risk

45. The GCF will manage its project and programme risks, which include project governance, execution, impact, and monitoring, as well as country risks that may impede successful execution, to maximize the possibility of successful execution and delivery of the desired impact. This will involve ensuring sufficient technical and institutional capabilities of the AE/EEs and community readiness (awareness, preparation, commitment); monitoring of country risks, including natural disasters, climate shocks, poor infrastructure, and economic and political risks, as well as country ownership status. The GCF will closely monitor the following areas:

- (a) Projects delays or slippages
- (b) Impact achievements based on the GCF results framework
- (c) Distribution of cumulative cash transfers and funding commitments for ongoing projects by Project Success Rating and Credit Risk Rating<sup>6</sup>

## VI. Effective date

46. The provisions of this risk appetite statement will take effect on September 1<sup>st</sup> 2017. If the Interim Trustee is unable to implement the requirements in the risk appetite statement, they will become applicable after the selection of the Permanent Trustee. Until that time, the GCF should monitor the Fund's adherence to these requirements to the extent possible under the current agreement.

## VII. Revisions to the risk appetite statement

47. The overall risk appetite will be revised and submitted to the Board for approval; (i) whenever a new or revised Fund Strategy is formulated; or (ii) the Board or the RMC finds it relevant to review the statement due to major changes in related policies.

## VIII. Reporting of risk appetite

48. The Secretariat will integrate the GCF's risk appetite tolerance levels into the risk dashboard (part of the RMF) and risk register (part of the RMF) based on the risk monitoring and reporting management system under the RMF. The risk appetite will be reported to the Board through the risk dashboard. The risk dashboard consists of regular snapshots of the Board-agreed risk categories and subcategories that will be tracked by the Secretariat, the Risk Management Committee and the Board. This reporting will be the basis for continuous review and updating of the Fund's risk appetite and risk management practices. The Fund would need to conduct risk control and self-assessment, a process of identification, assessment, effective internal control and action plans related to high-risk events, in a timely manner, in order to ensure the robustness of the risk framework. Such periodic reporting from the Secretariat will enable the Board to review the evolution of the risk borne by the Fund and to make any necessary adjustments.

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<sup>5</sup> Policies for Contributions (GCF/B.08/16)

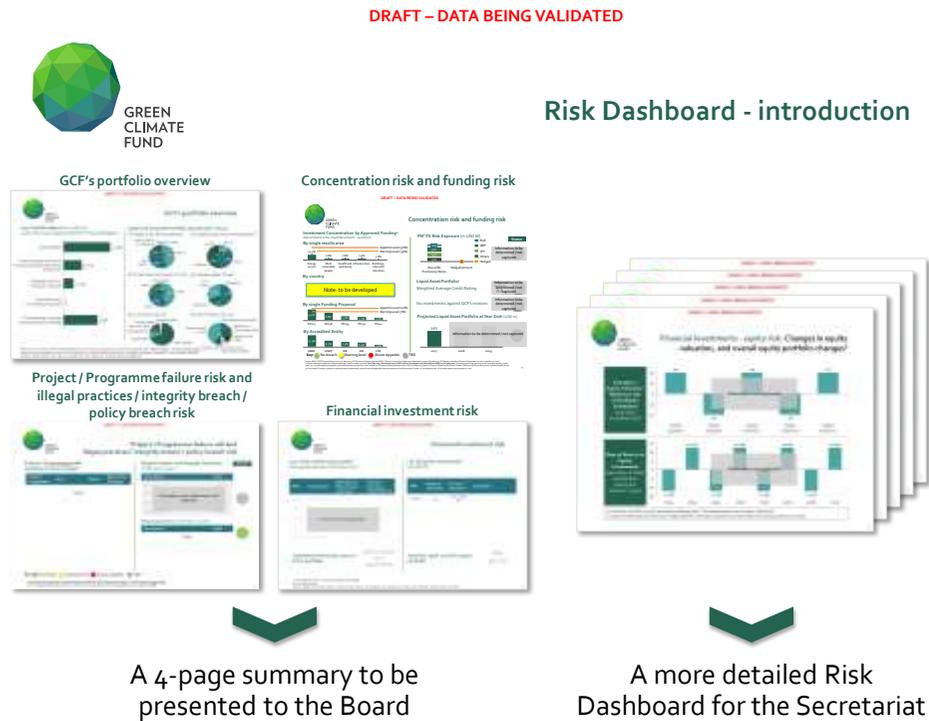
<sup>6</sup> Risk ratings are discussed in the risk rating approach document (part of the RMF).

Annex VII: Risk management framework component III – risk dashboard

I. Introduction

1. The risk dashboard consists of regular snapshots of the Board-agreed risk categories and subcategories that will be tracked by the Secretariat, the RMC and the Board. This reporting will be the basis for continuous review and updating of the Fund’s risk appetite and risk management practices.

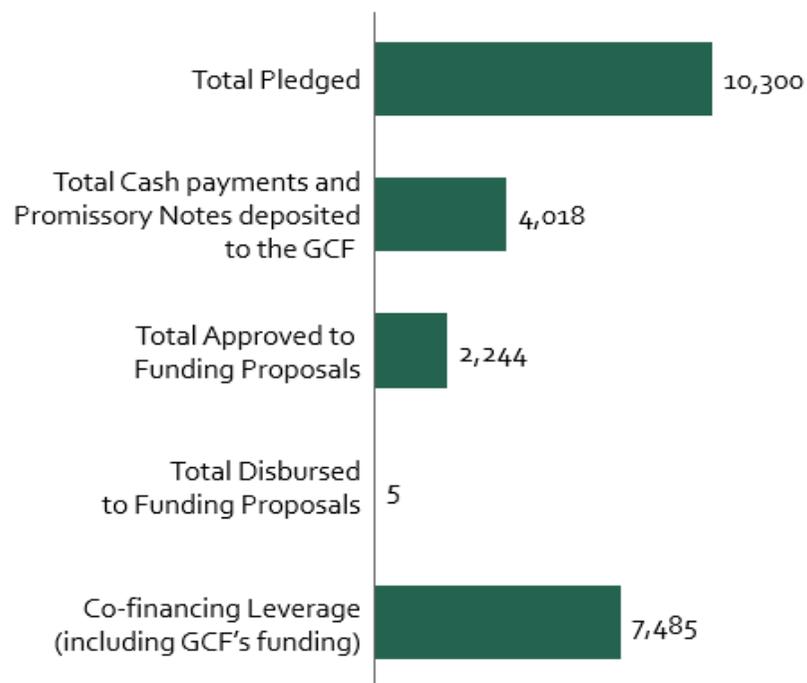
Figure 1. Risk dashboard – Introduction



Overview of the portfolio of the GCF

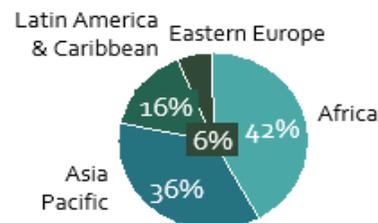
Key Portfolio Metrics (in USD m)

As of Mar 2017, based on GCFTF Financial Report

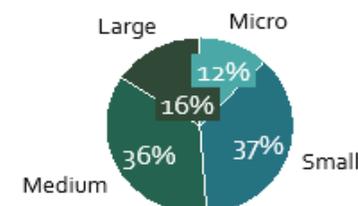


Approved Proposal Portfolio Distribution<sup>1</sup> (by \$)

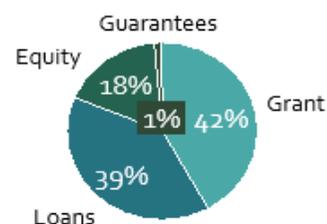
By region (by # of projects)<sup>2</sup>



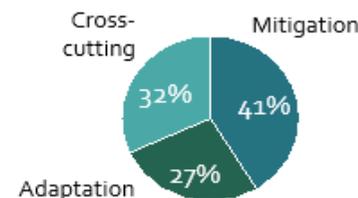
By project size (by # of projects)<sup>2</sup>



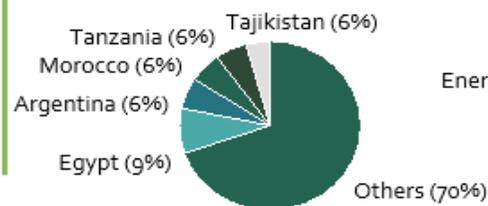
By financial instrument (by \$)<sup>2</sup>



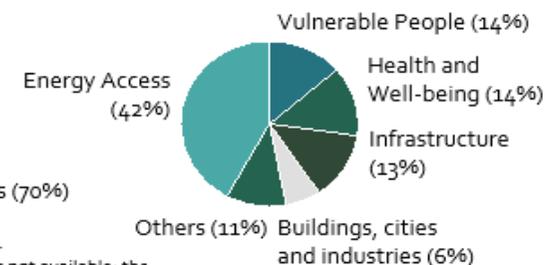
By target areas (by \$)<sup>2</sup>



By countries (by \$)<sup>3</sup>



By result areas (by \$)<sup>3</sup>



Sources: Key portfolio metrics: GCFTF Financial Report (as of 31 Mar 2017), [iPMS](#). Approved Proposal Portfolio Distribution: GCF website, [iPMS](#).  
 1. Projects / programmes spanning across multiple countries, results areas, etc. are split equally among them, as specific allocation proportion is not available; the total amount (in the denominator) is the Total Approved to Funding Proposals (\$2.244 m) 2. Accessed from GCF website 3. Analysis based on [iPMS](#) data.

II. Concentration risk and funding risk<sup>1</sup>

DRAFT – DATA BEING VALIDATED

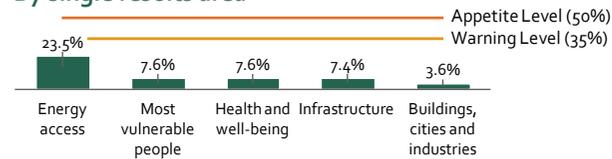


Concentration risk and funding risk

Investment Concentration by Approved Funding<sup>1</sup>

(Denominator is the investible amount: ~\$4 billion)

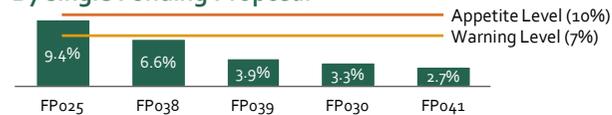
By single results area



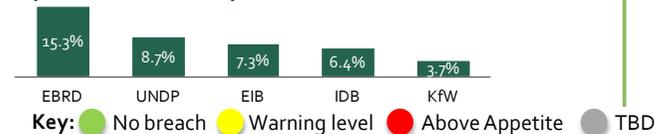
By country

Note: to be developed

By single Funding Proposal

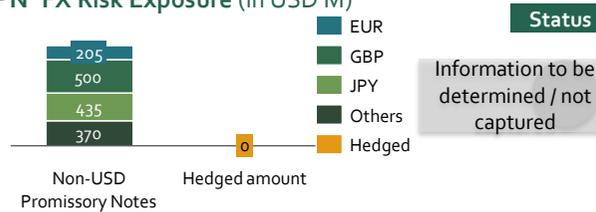


By Accredited Entity



Key: ● No breach ● Warning level ● Above Appetite ● TBD

PN<sup>2</sup> FX Risk Exposure (in USD M)

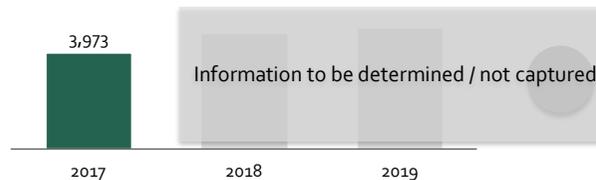


Liquid Asset Portfolio<sup>3</sup>

Weighted Average Credit Rating: Information to be determined / not captured

No investments against GCF's mission: Information to be determined / not captured

Projected Liquid Asset Portfolio at Year End<sup>4</sup> (USD m)



Source: IPMS, GCF Financial Report (as of 31 Mar 2017), GCF Division of Support Services (DSS) – Finance, Status of Initial Resource Mobilization process (B.16/Inf.10), GCF Report on Audits of Financial Statements for year ended Dec 31, 2016  
 1. Ratios measured as (Notional amounts approved / total investible amount). As of Mar 2017, the denominator is USD 4 billion. Numerators are collected from IPMS, as of 31 May 2017. Projects/programmes spanning across multiple countries, results areas, etc. are split equally among them, as specific allocation proportion is not available. 2. Promissory Notes deposited to the GCF as of Mar 2017, based on Financial Report by the Interim Trustee. Other non-USD promissory notes includes Swedish Krona  
 3. If the Interim Trustee is unable to implement these requirements, they will become applicable after the selection of the Permanent Trustee. 4. Calculated as cash + Promissory Notes to be encashed in 2017.

<sup>1</sup> The risk dashboard Investment Concentration by Approved Funding contained in annex VII of decision B.17/11 was revised as set out in annex VII of Decision B.19/04 (see \*DECISION B.19/04: Adoption of investment risk policy, non-financial risk policy, and funding risk policy, and updating the risk dashboard)

III. Project/programme failure risk and illegal practices / integrity breach /policy breach risk

Projects / Programmes with Significant Issues / Delays<sup>1</sup>

Project / Programme	Issue	Impact	Resolution Strategy
	None		

Illegal Practices and Integrity Breaches in the last 2 years

Status

Description	Date
Description #1	1/1/2017
Description #2	1/1/2017
Description #3	1/1/2017
Description #4	1/1/2017

Information to be determined / not captured

Policy Breaches in the last 2 years<sup>2</sup>

Description	Date
None	

Key: No breach Warning level Above Appetite TBD

1. GCF Portfolio Monitoring Unit (PMU) has not recorded any significant issues or delays in current projects / programmes.
2. GCF Independent Redress Mechanism (IRM) has not received any complaints regarding policy breaches to date.

IV. Financial investment risk

List of Non Performing Credits<sup>1</sup>  
(Not applicable as of 22 May 2017)

FP#	Description	Delinquency Status (days past due)	Amount Overdue / Total (USD m)
FPoXX	Description #1	XX	XX
FPoXX	Description #2	XX	XX
FPoXX	Description #3	XX	XX
FPoXX	Description #4	XX	XX
FPoXX	Description #5	XX	XX

Total Non-Performing Loans in GCF's portfolio:

Information not applicable

List of Equity Investments<sup>2</sup>  
(in USD M)

FP#	Original Valuation	Current Valuation	Key Risks
FPo05	5.5	Not valued yet	

Total loss / gain on GCF's equity portfolio:

0%  
(0 m)

1. No project reflows had been due to the GCF as of 22 May 2017.

2. As of March 2017

Source: iPMS, GCF Private Sector Facility (PSF), Division of Mitigation and Adaptation (DMA), and Portfolio Monitoring Unit (PMU)

### Annex VIII: Risk management framework component IV – “Risk guidelines for funding proposals”

#### I. Introduction

1. Through decision B.13/36, the Board requested the Secretariat, in consultation with the Risk Management Committee (“RMC”), to develop the necessary methodologies to enhance the Secretariat’s risk management capacity. This document presents the “Risk guidelines for funding proposals” – one of the developed methodologies.
2. Paragraph 2 of the Governing Instrument for the Green Climate Fund (“GCF, “the Fund”) defines the purpose of the Fund as follows: “In the context of sustainable development, the Fund will promote 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”.
3. The GCF will have to take on certain risks to meet this purpose. When deploying its financial resources towards projects with positive climate change impact potential, the Fund will assess the investment risks and enforce appropriate controls. “Risk guidelines for funding proposals” describe the approach to such risk assessment.
4. This document<sup>1</sup> provides guidelines for the risk assessment of Funding Proposals (“FPs”, “proposals”) and Concept Notes (“CNs”) by the GCF. The goal of these guidelines is to ensure that the risks relevant to the GCF are appropriately understood and addressed in a standardized manner. This document divides guidelines into four types:
  - (a) Guidelines for assessing the risk of the project / programme failing to deliver its target impact.
  - (b) Risk guidelines for setting funding terms and conditions.
  - (c) Guidelines for assessing alignment with GCF’s portfolio level risk limits.
  - (d) Guidelines for assessing compliance with GCF’s policies and legal requirements.
5. All proposals under review should be assessed using these guidelines. This assessment will be included as a part of the Secretariat Review to be reviewed by the Board when considering the proposal for approval.

#### II. Linkages with previous decisions and other documents

6. The “Risk guidelines for funding proposals” are a part of a broader Risk Management Framework (“RMF”) (discussed in more detail in Section III). The Funding Risk, Investment Risk, and Operational and IT Risk Policies documents formalize measurement and mitigation of the risks. The risk rating approach document describes the methodology of applying ratings to assess particular risks. Previous decisions and documents relevant to “Risk guidelines for funding proposals” are listed in Table 1.

**Table 1. Linkages to previous decisions and documents.**

Document	Relevance
GCF/B.13/27/Rev.02 “Interim Risk and Investment Guidelines”	Previous document including proposal level guidelines for risk assessment (superseded by this document).
Governing instrument for the GCF	Access modality and accreditation (para. 45): “Access to Fund resources will be through national, regional and international Implementing Entities accredited by the Board” Financial instruments (para. 54): “The Fund will provide financing in the form of grants and concessional lending, and through other modalities, instruments or facilities as may be approved by the Board. Financing will be tailored to cover the identifiable additional costs of the investment necessary to make the project viable. The Fund will seek to catalyse additional public and private finance through its activities at the national and international levels.”
GCF/B.05/07 “Business model framework: terms and criteria for grants and concessional loans”	Guiding principles (annex II, para. (b)): Guiding principles applicable to public sector operations: <ol style="list-style-type: none"> <li>1. “Grant elements should be tailored to incremental cost or the risk premium required to make the investment viable;</li> <li>2. Concessional terms should not displace investments that would otherwise have occurred, including for private sector investment;</li> <li>3. Overall levels of public debt in the recipient country should be taken into account so as not to encourage excessive indebtedness.”</li> </ol>

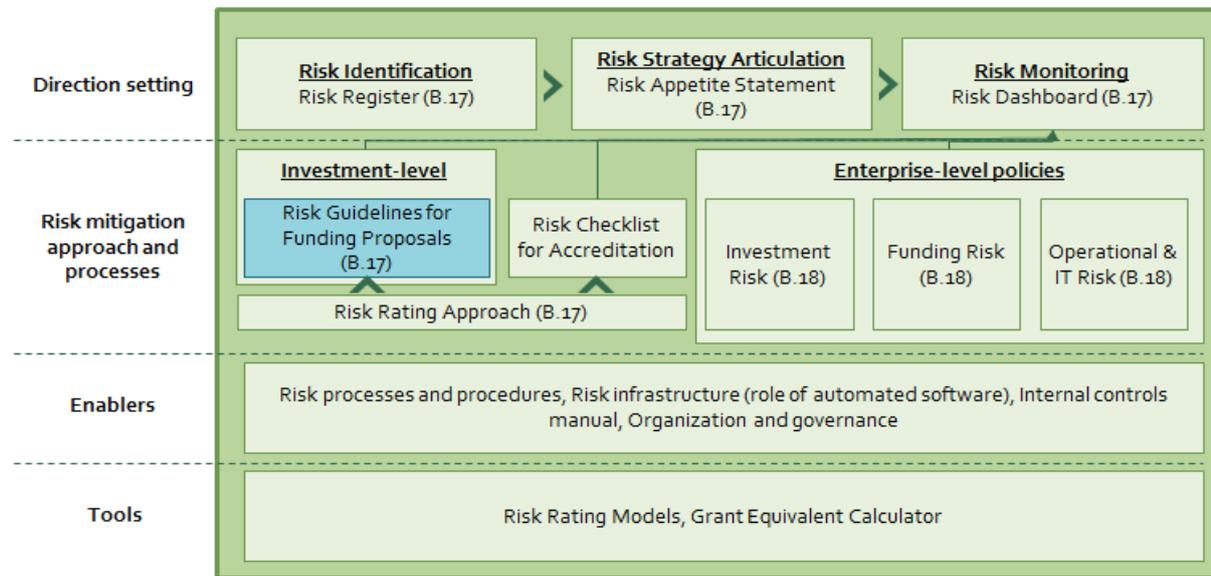
<sup>1</sup> The guidelines contained in this document do not specify appropriate risk levels or investment criteria for the GCF. The opinion on whether the risks are acceptable is delivered as an expert assessment in the Secretariat Review - these guidelines define the required assessment dimensions and process.

Document	Relevance
	<p>Guiding principles applicable to private sector operations:</p> <ol style="list-style-type: none"> <li>1. “Structure terms on a case-by-case basis to address specific barriers;</li> <li>2. Minimize concessional terms by assessing needs, market conditions and other factors;</li> <li>3. Avoid distortion and crowding out commercial financing;</li> <li>4. Maximize leveraging of other financing, including public and private financing;</li> <li>5. Promote long-term financial sustainability; and</li> <li>6. Apply due diligence to assess the risk to the investment“</li> </ol>
GCF/B.07/05 “Financial Risk Management Framework”	Definition of the initial financial risk principles, e.g. para. 6: “By their nature, these activities and technologies would at times assume a higher level of risk than conventional investments undertaken on the market.”
GCF/B.10/inf. 10 “Brief guideline on the application of the case-by-case provisions in the financial terms and conditions of the Fund’s instruments”	Level and structuring of concessionality (para. 26): “(…) the Fund will structure terms on a case-by-case basis to address specific barriers, where the grant element of concessional finance is tailored to provide the appropriate incentive to facilitate the implementation of mitigation and adaptation activities.”
GCF/B.12/32 Annex I: Initial Strategic Plan for the GCF	<p>Enhancing Accessibility and Predictability:</p> <p>“Signal more clearly what kinds of projects and programmes it is looking to finance. This requires providing improved and coherent guidance on the Fund’s investment criteria, risk appetite, standards and processes to be published on the website and communicated through the Fund’s communication channels and the Readiness Programme.”</p> <p>Regarding Funding Proposals credit and project / programme risk approach, the GCF has the ability to:</p> <ul style="list-style-type: none"> <li>• Programme and manage financing at scale;</li> <li>• Engage in partnerships with both public and private actors at various levels;</li> <li>• Take on risks that other funds/institutions are not able or willing to take including risks associated with deploying innovative climate technologies;</li> <li>• Pilot and potentially scale-up and replicate innovative approaches;</li> <li>• Deploy the full range of financial instruments at its disposal;</li> <li>• Leverage additional financing inputs from innovative and alternative sources; and</li> <li>• Leverage its status as an operating entity of the financial mechanism of the UNFCCC to set new standards with regard to country ownership, direct access and level of ambition impacting the global practice of climate finance beyond its immediate engagement.</li> </ul>
GCF/B.12/17 “Initial Risk Management Framework”	Defined the initial Risk Register, Risk Appetite, and Risk Guidelines for Credit and Investment

### III. Objective

7. This document is a part of the comprehensive GCF RMF, which has the objective of setting the appropriate level of risk taken by the GCF, and establishing the risk management and mitigation approach and processes. The guidelines support the notion that the GCF will actively take credit risk to meet its strategic mandate of promoting paradigm shift towards low-emission and climate-resilient development pathways, and that the GCF is willing to take on risks that other investors will not take. The components of the framework are presented in Figure 1.

Figure 1. RMF components (in brackets for each component: the Board meeting when it is planned to be discussed).



8. The objective of this document is to serve as a guideline for the risk analysis required as a part of the review of FPs. The Secretariat can leverage this document as a guide for risk factors to be included in the proposal assessment process, ensuring a consistent view on risk assessment to support Board decisions.

9. These guidelines are applicable at an individual FP level. Assessment of a particular proposal should also be performed in conjunction with a broader portfolio and enterprise-level risk management, e.g. managing concentration risks, foreign exchange risks, etc., which are outlined separately in Funding Risk, Investments Risk, and Operational and IT Risk Policies. While part of the assessment may be operationally done by the Accredited Entity (“AE”), internal responsibility for the application of these guidelines lies with:

- (a) Private Sector Facility (“PSF”) – for private proposals;
- (b) Division of Mitigation and Adaptation (“DMA”) – for public proposals

10. Office of Risk Management and Compliance (“ORMC”) should examine and independently review the PSF and DMA’s assessment.

11. The GCF can seek external independent support in the assessment process. The GCF may especially consider such support in specific scenarios (e.g., a large funding request where GCF has been requested to take a junior position relative to other co-investors).

12. Where material information is lacking against the guidelines and a risk assessment cannot be conclusive, further due diligence and examination may be required.

13. The output of the analysis should be included in the Secretariat Review on the proposal presented to the Board.

14. This document is maintained by the ORMC who should review it once every two years or upon a Board request.

15. “Risk guidelines for funding proposals” are submitted to the Board for approval upon prior review and approval by the RMC.

**IV. Guidelines**

16. The guidelines are divided into four types:

- (a) Guidelines for assessing the risk of a project / programme failing to deliver its target impact: While the GCF is only indirectly involved in project / programme execution, it must consider risk of their failure. Consequences of failed projects / programmes may not be limited to the disbursed funding, but might also mean additional costs to cover the liabilities, or damage to GCF’s reputation.
- (b) Risk guidelines for setting funding terms and conditions: The GCF may accept a range of deal structures varying in level of complexity, participation of co-investors, blending of funding instruments and modalities, control and ownership structures, and financial terms and conditions. The guidelines in this section seek to establish a comparable standard in understanding and considering risks across diverse funding structures.

- (c) Guidelines for assessing alignment with GCF's portfolio level risk limits: The GCF must assess the risk of a proposal in the context of its current portfolio. A new proposal is not a standalone risk, as it also influences GCF's risks at the portfolio level
  - (d) Guidelines for assessing compliance with GCF's policies and legal requirements<sup>2</sup>: As per the risk appetite (part of the RMF), there is zero risk tolerance for illegal practices and policy / integrity breaches.
17. All the above four types of guidelines should be applied at the FP stage.
18. At the CN stage, guidelines of the types c) and d) should be applied. Additionally, the Fund should apply guidelines of the types a) and b) at the CN stage to the extent possible.
- 4.1 Guidelines for assessing the risk of a project / programme failing to deliver its target impact
19. Overall assessment
- (a) The proposal should clearly demonstrate that each funding request is directly connected with the Fund's objectives.
  - (b) A broader programme proposal should either provide a clear description of each project to be undertaken, or provide clear parameters for making delegated funding decisions.
  - (c) The proposal should have adequate policy and regulatory support from the relevant country. The GCF should assess the actual level of country support beyond the no-objection letter (e.g. stabilization clauses or governmental assurances).
20. AE / EE<sup>3</sup> capability
- (a) The proposal's size, focus, Environmental and Social Safeguards ("ESS") standard, fiduciary standard and gender approach must be within the parameters of the Accreditation Master Agreement ("AMA"). The AE must have a project monitoring process and must deliver updates to the Fund at least as frequently as stated in the AMA. The AE should also monitor and report to the GCF the impact of the project upon successful execution.
  - (b) The AEs and EEs should have adequate technical and institutional capabilities to execute the project. They should especially provide adequate assurances about the ability to ramp up the necessary staff and ability to manage third parties involved in the execution (if the AE has specific limitations in the AMA, the proposal must not breach them). They should also provide a clear description of their track record in delivering similar projects. The AE and EEs should present their history of cooperation; the GCF should review the performance of the AE and the EE on previous projects / programmes. The GCF should consider the impact of the proposal on other projects managed by the AE in GCF's portfolio.
  - (c) The EEs should have a stable internal management. The proposal should include an assessment of the qualifications of the key management personnel.
  - (d) The EEs should provide information about their business and strategic objectives in the proposal. The EEs' objectives should be tied to the successful execution of the project.
  - (e) The AE and EEs should allow the GCF to request and audit documents and data related to funded activities execution upon request to the extent as defined in the AMA. Should certain risks related to funded activities arise and the GCF considers it is necessary to do further due diligence, then the GCF should be allowed to verify the details at a later stage.
21. Project specific execution risks
- (a) The GCF should take execution risks into account. These risks include: staff movement restrictions; construction risk (including permitting and siting); operating risk; and supply risk.
  - (b) The GCF should take country-specific execution risks into account. These risks include: political risks; trade embargoes; stability of legal and regulatory environment; and natural catastrophes.
  - (c) The proposal should include a plan to mitigate risks of environmental and community impact, and demonstrate adequate community engagement. The issues especially covered are: limited awareness, preparation, and/or commitment of affected communities, and tackling lack of motivation by the beneficiaries to adopt new technologies.
22. Financial viability
- (a) The proposal should be assessed against the Fund's investment policies and guidelines.

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<sup>2</sup> This category covers GCF's policies not included under other types of guidelines, i.e. specific to project execution, funding structure or portfolio level risk limits.

<sup>3</sup> Where EE has been finalized at the time of CN / FP preparation.

- (b) The proposal should include financial and cash flow analyses, including stress analyses. The specific areas that should be covered include (depending on the characteristics of a particular proposal): market conditions analysis; sensitivity of the asset value and liquidity to economic cycles; debt service financial ratios; repayment schedule; off-take risk; and GCF's control over reflows (including expropriation risk).
- 4.2 Risk guidelines for setting funding terms and conditions
23. Funding terms
- (a) Any form of funding should be granted only to acceptable and identified EEs<sup>4</sup>. The GCF should assess the EEs' capabilities and intent. The proposal should include a review of:
- (i) Public reports if the EE is a publicly listed company;
  - (ii) Disclosed relevant documents otherwise.
- For existing EEs, the previous dealings with the GCF and the AE should be taken into account.
- (b) Where possible, the GCF should be a co-investor, rather than a sole investor. The participation of co-investors can provide higher confidence in the diligence process, and reveal information about the market's pricing and perception of the risks. Co-investment from the AE is encouraged where possible.
- (c) The requirements and proposed terms for co-investor participation should be clearly articulated in the terms of the funding agreement.
- (d) The proposal should include an outline of GCF's rights and responsibilities in case of project failure. The AE should provide clarity around subordination, workout rules and roles of each party, and the GCF should have reasonable assurance that it has the technical and institutional capacity to fulfill its role (or otherwise engage a third party).
- (e) The execution liabilities should be borne by the AE and the EE (or particular subcontractors) rather than the GCF. While the GCF receives updates about the project progress, it does not actively manage the project operations, and thus shouldn't be responsible for dealing with grievances related to execution; however, the grievances should be monitored by the GCF as well.
24. Additional analysis specific to loan / equity / reimbursable grant investments / guarantees:
- (a) Credit proposals should clearly prescribe the disbursement and repayment schedule, and terms and conditions must comply with GCF's Investment Risk Policy (a component of RMF). The GCF needs to make future cash flow projections for Asset-Liability Management. Credit should not be extended if there is strong doubt about the borrower's willingness or ability to repay from a clear, identifiable set of cash flows. The GCF should also estimate the grant equivalent value of the credit.
- (b) When the structural subordination of a lending arrangement results in the GCF taking a different level of credit risk compared to the level of credit risk taken by all other co-investors, the GCF may consider an external independent risk evaluation, especially for large funding requests.
- (c) When taking on an equity/mezzanine stake on different terms than the terms of all other co-investors (including a situation when the GCF is the only equity / mezzanine investor), the GCF may consider an external independent risk evaluation, especially for large funding requests.
- (d) The GCF should consider reflows Foreign Exchange risk and hedging approach.
- 4.3 Guidelines for assessing alignment with GCF's portfolio level risk limits
- (a) GCF's portfolio concentration should remain within the risk appetite after inclusion of the proposal. The concentration across a number of metrics is defined in the risk appetite statement document (part of the RMF). The GCF should calculate the incremental impact of every proposal on those metrics during the approval process (and a combined calculation for all the proposals discussed in a particular Board meeting). Note: The Board retains the authority to approve FPs which may be exceptions to the risk appetite statement. Hence if collected at the CN stage, breach of concentration limits should not result in automatic rejection of the proposal.
- (b) Committing to the disbursement of funds as per the proposal should not breach GCF's liquidity tolerance. Otherwise, the Fund must take mitigating actions to ensure sufficient liquidity in accordance with the risk appetite statement document (part of the RMF). The timing of the investment must be clearly defined and there should be a prudent gap in timing between disbursement of GCF's investment and encashment of the relevant contributions.
- (c) Equity proposals should provide financial projections, articulate any terms on exit (e.g. lock-in period) and exit strategies (e.g. in illiquid markets), and discuss shareholder roles and rights (e.g. potential future

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<sup>4</sup> Where EE has been finalized at the time of CN / FP preparation.

dilution). Similarly to the credit structures, the GCF needs to make future cash flow projections for ALM purposes and estimate the level of concessionality in equity structures. The GCF also requires that the AE update the valuation periodically and deliver it to the GCF.

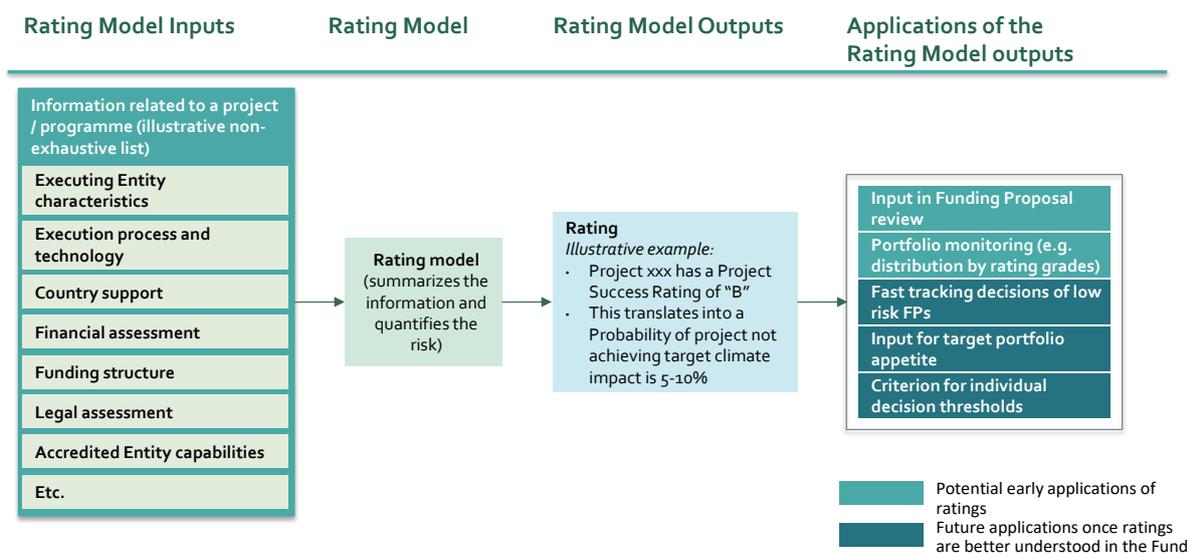
- 4.4 Guidelines assessing compliance with GCF's policies and legal requirements
- (a) The AE should demonstrate in the context of the particular proposal, that it can enforce provisions agreed to in the AMA among the project participants (especially the Prohibited Practices policy) as GCF's delegate. Specifically, the AE needs to submit its 'Procedures for controlling procurement by third parties or Executing Agencies undertaking projects financed by the entity'. The AMA and Funded Activity Agreement ("FAA") must be effective before disbursement of the funds.
  - (b) The AE should verify the laws/policies in relevant countries and inform the GCF of any discrepancies (especially if they are different than the AMA provisions), and propose a resolution.
  - (c) (Guideline applicable to loan funding, guarantees or reimbursable grants) Where there is collateral held in escrow, it must not be invested in assets that go against the GCF's climate change mandate.

### Annex IX: Risk management framework component V – risk rating approach

#### I. Introduction

1. The Board, through decision B.13/36, requested the Secretariat, in consultation with the Risk Management Committee ("RMC"), to develop the necessary methodologies to enhance the Secretariat's risk management capacity.
2. This document is a component of the Risk Management Framework ("RMF"), and it describes the set of ratings recommended for the Green Climate Fund ("GCF", "the Fund") to maintain for prudent risk management purposes.
3. There are two risk ratings recommended for the GCF:
  - (i) Project / Programme Success Rating ("PSR"): a project / programme level rating that enables quantification of the likelihood of project / programme achieving the target climate impact.
  - (ii) Credit Risk Rating ("CRR"): a project / programme level rating that enables quantification of the likelihood of project / programme defaulting.
4. Once developed, these ratings can immediately be applied by the GCF in a range of applications including – supporting Funding Proposal ("FP", "proposal") decisions and managing GCF's portfolio mix.
5. Risk ratings form a critical component of the overall RMF proposed for the GCF. Risk ratings are forward looking estimates of the risk associated with a specific entity / funding contract, mapped to a scale for easy and consistent communication across the organization. Underlying a risk rating is usually a rating model, which defines the quantitative relationship between the risk of a specific entity / funding contract and its various risk drivers. Figure 1 below illustrates a rating model aimed at estimating the risk of project's failure to achieve its target impact, some example inputs to the rating models and some example applications where the output of the rating model can be used.

**FIGURE 1. ILLUSTRATIVE RISK RATINGS (PROJECT SUCCESS RATING EXAMPLE)**



6. Risk Ratings are commonly used by most financial institutions (including most Multilateral Development Banks) in order to quantify risks associated with their clients or funding contracts. These risk ratings are key inputs

to several portfolio and individual client / funding contract level decisions at the institution. However, depending on the institution’s mandate and operating model, there is a variety of practices with regards to the specific risk type the ratings aim to quantify (credit risk vs. equity risk etc.) and the entity for which the risk is being assessed (client vs. affiliate vs. project etc.).

7. This risk rating approach document recommends a set of risk ratings appropriate for the GCF, given its mandate and operating model (including describing which risks should be quantified at the individual entity / project / programme level in the form of ratings, and what should be the target of those ratings).

8. Upon the Board taking note of this document, it is expected that the GCF will develop the set of rating models required to generate the risk ratings described in this document, and commence applying the risk ratings in day-to-day decision making.

### II. Linkages with previous decisions and other documents

9. The risk rating approach is part of the broader Risk Management Framework (“RMF”) (discussed in more detail in Section III). Relevant components of the RMF are submitted to the Board in parallel to this document. Those components and previous decisions, and other documents relevant to this document are listed in Table 1.

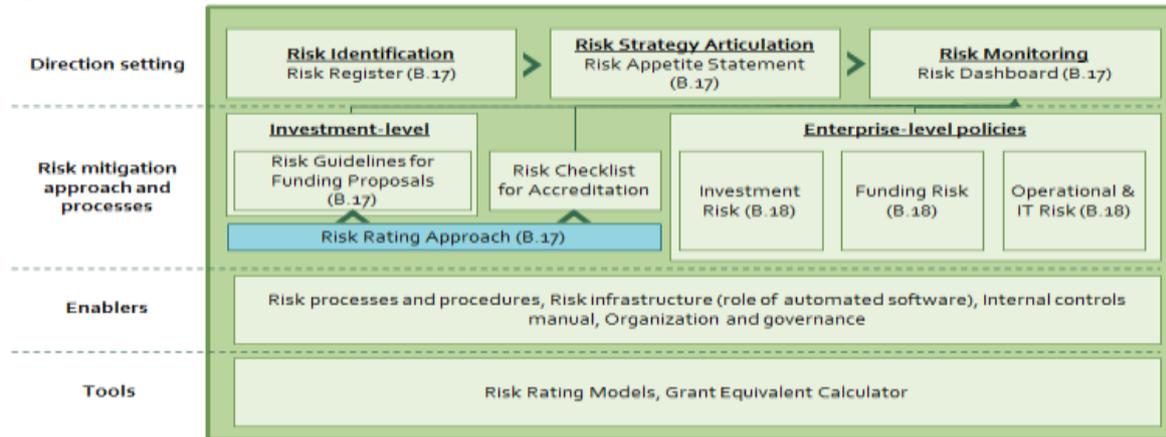
**Table 1. Linkages to previous decisions and other documents.**

Document	Relevance
Risk Appetite Statement (part of the RMF, to be considered at B.17)	This document provides guidance on: <ul style="list-style-type: none"> <li>• Overall level of risk that GCF is willing to take to achieve its objectives.</li> <li>• Types of risks to be monitored.</li> <li>• Qualitative appetite statements and quantitative metrics that can be cascaded to specific business units to guide their day-to-day operations.</li> </ul>
Risk Guidelines for Funding Proposals (part of the RMF, to be considered at B.17)	This document provides guidelines to ensure that the risks relevant to the GCF are appropriately understood and addressed in a standardized manner.
Risk Checklist for Accreditation (part of the RMF, to be considered at B.18)	This document provides guidelines to ensure a consistent assessment of Accredited Entity (“AE”) in the accreditation process.
GCF/B.07/02 “Guiding Framework and Procedures for Accrediting National, Regional and International Implementing Entities and Intermediaries, Including the Fund’s Fiduciary Principles and Standards and Environmental and Social Safeguards”	This document provides an initial guiding framework for the Fund’s accreditation process.
GCF/B.12/17 “Initial Risk Management Framework”	Defined the initial Risk Register, Risk Appetite, and Risk Guidelines for Credit and Investment.
Decision B.13/36	The Board’s request to develop the necessary risk management methodologies.

### III. Objective

10. This document is a part of the comprehensive RMF – the components of the framework are presented below in Figure 2.

**Figure 2. RMF components**



11. The objective of this document is to recommend a set of risk ratings appropriate for the GCF, given its mandate and operating model.

12. This document also provides an overview of how the proposed set of ratings can be incorporated in various applications across the Fund. Finally, the document describes the roles and responsibilities of various parties in the Fund in developing the underlying rating models, and in the ongoing risk rating process.

#### IV. Proposed set of ratings for the GCF

13. The Governing Instrument defines GCF's mandate as to "promote 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 (...). The Fund will strive to maximize the impact of its funding for adaptation and mitigation, and seek a balance between the two, while promoting environmental, social, economic and development co-benefits and taking a gender-sensitive approach." Further, the Governing Instrument states that GCF's strategy is to achieve these goals through investments made in projects / programmes, which are supervised by AEs: "Access to Fund resources will be through national, regional and international implementing entities accredited by the Board."

14. Given the above mandate and strategy, GCF's success or failure is most closely linked to the success or failure of its projects, and financial sustainability of the Fund. Thus, an assessment of the likelihood of success of a project / programme and an assessment of the credit risk for credit funded projects / programmes can be extremely useful for the GCF. These assessments can support various critical decisions at the Fund, including decisions on FPs as well as overall portfolio management.

15. As a result, the following two risk ratings are proposed for the GCF:

- (a) Project / programme Success Rating ("PSR"): This will be a project / programme level rating, quantifying the likelihood of project / programme achieving success defined as the target climate change impact<sup>1</sup>. Example risk drivers expected to be seen in the underlying risk model include – level of local government and community support for the project, construction risk, financial viability (including stress analysis), etc.
- (b) Credit Risk Rating ("CRR"): This will be a project / programme level rating, quantifying the likelihood of a project / programme entering a Default Event<sup>2</sup>, resulting in reflow delays or losses. Example risk drivers expected to be seen in the underlying risk model include – financial guarantees, reliability of control of the project / programme assets by the GCF in case of a default, probability of project success etc.

16. The lists of risk drivers in the rating models for PSR and CRR are expected to have fair amount of overlap, and some correlation is expected between the PSR and CRR. However, it is recommended that the Fund develops both risk ratings as:

- (a) The PSR is most directly linked to the Fund's mandate and is required to assess risk for projects / programmes.
- (b) The CRR is closely tied to the Fund's financial viability and because funding via credit instruments is expected to grow significantly at the Fund, especially within Private Sector Facility ("PSF").

<sup>1</sup> Covering both mitigation and adaptation targets.

<sup>2</sup> Precise definition of a Default Event is set for each Funding Proposal individually in its FAA.

17. Upon the Board taking note of this document, it is expected that the GCF will develop the set of rating models required to generate the risk ratings described above. Rating model development would require analysis of a much longer list of potential risk drivers, of which a few examples have been cited above.

18. Additionally, an AE Capabilities Rating was considered for the GCF. An AE Capabilities Rating is an AE level rating, reflecting its capability in ensuring success of the projects / programmes executed through it. The current recommendation for the GCF is to deprioritize the AE Capabilities Rating as:

- (a) There is already an implicit categorization of the AEs as a result of the accreditation process.
- (b) This rating can be developed in the future once the recommended two risk ratings are well understood and embedded.

19. The proposed set of ratings is expected to bring the following benefits to the GCF:

- (a) The ratings will bring a common language within the Fund to communicate about and to compare the risk of various projects / programmes. The ratings will bring further structure and consistency to the evaluation process for FPs.
- (b) The ratings will enable gradation of risk and improved financial analysis.
- (c) The ratings will support improving several decisions taken by the Fund (See further elaboration in Section V).

### V. Application of the ratings

20. Once developed, the ratings can immediately be used by the GCF in the following applications:

- (a) Supporting FP Review: The risk rating of a project / programme can be one of the key inputs that the Board can consider while taking a decision on an FP. It should be noted that based on the Risk Appetite Statement (part of the RMF), the Fund is willing to accept considerable uncertainties around investment risks in return for impact potential, to be evaluated on a case-by-case basis recognizing specifics of each FP. The risk ratings are one of several factors that can influence this evaluation.
- (b) Portfolio monitoring: The distribution of GCF's portfolio by PSR and CRR can be monitored over time, to assess the Fund level risk profile.

21. As the Fund's understanding of the ratings and their implications deepens with time, their application can be expanded into other areas including – fast tracking decisions on low risk proposals; setting target portfolio appetite level based on the ratings; setting individual decision thresholds linked to the ratings; project reflows classification by ratings.

### VI. Roles and responsibilities

22. Office of Risk Management and Compliance ("ORMC") will be responsible for developing and maintaining the rating models. The Secretariat may seek the help of external expertise to develop these models, or to customize off-the-shelf models available in the market.

23. The Secretariat will be responsible for generating the PSR and CRR for each proposal, with strong support from the AEs in gathering the relevant data. Both Ratings will be generated at first during the proposal review process, and then refreshed at least annually, usually together with the project / programme review process.

24. In order to optimize the use of resources engaged in the rating process, rating refresh is expected to follow a simpler process, focusing on updating key rating model inputs.

### \*DECISION B.13/36: Adoption of Interim risk and investment guidelines

The Board, having reviewed document GCF/B.13/27/Rev.02 titled "Interim risk and investment guidelines: Risk Management Committee proposal":

- (a) Adopts the Interim risk and investment guidelines as contained in annexes VIII\* and IX\*. These guidelines will expire the earlier of (i) the sixteenth meeting of the Board, or (ii) at the adoption of an updated set of risk policies and guidelines as determined by decision B.12/34;
- (b) Decides that, in case these interim guidelines expire and the Secretariat cannot yet confirm that adequate in-house risk management capacity is in place, the GCF will only be able to participate in a tranche aligned with the accredited entity on all terms and conditions other than pricing and must not be the largest contributor or financier in a tranche or any whole project, in order to mitigate GCF risk exposure;

- (c) Reiterates that the GCF intends to be an institution that takes risks that other institutions or funds are not willing or able to take; and
- (d) Requests the Secretariat to develop the necessary methodologies and internal procedures, hire a permanent Risk Manager and additional staff to enhance the Secretariat's risk management capacity as a matter of urgency, and report to the Board, as part of the report on the activities of the Secretariat at each meeting, on the status of this process.

\* The interim risk and investment guidelines contained in annexes VIII and IX of decision B.13/36 were replaced by the Risk management framework component IV – "Risk guidelines for funding proposals", as set out in annex VIII of decision B.17/11 (see \*DECISION B.17/11: Adoption of revised risk register, risk appetite statement, risk dashboard, and Risk guidelines for funding proposals)

### **\*DECISION B.13/35: Revision of the risk register**

The Board, having reviewed document GCF/B.13/29 titled "Report on the proposed revision of the risk register":

- (a) Notes that the Risk Management Committee reviewed the proposed revision of the risk register and concluded that the revision was reasonable; and
- (b) Decides that the risk register will be updated as frequently as the Risk Management Committee deems necessary, but no less frequently than once every three years.

### **\*DECISION B.12/34: Initial Risk Management Framework and adoption of a risk register**

The Board, having reviewed document GCF/B.12/17 "Initial risk management framework: risk register, risk appetite update and Initial risk guidelines for credit and investment":

- (a) Adopts the risk register as contained in annex XXVIII\* and requests the Risk Management Committee to review probability, impact and resulting priorities prior to the thirteenth meeting of the Board. The risk register will be updated at least once a year;
- (b) Takes note of the development of the other elements of the risk management framework;
- (c) Also takes note of the progress in developing the risk appetite of the GCF;
- (d) Reiterates that the GCF is an institution promoting the paradigm shift, in the context of sustainable development, towards low-emission and climate-resilient development pathways, and acknowledges that this involves taking risks that other institutions/funds may not be able or willing to take;
- (e) Requests the Secretariat, in consultation with the Risk Management Committee, to present the Interim risk and investment guidelines at the thirteenth meeting of the Board with revised financial instrument parameters;
- (f) Decides that the Interim risk and investment guidelines will expire the earlier of (i) the fifteenth meeting of the Board, or (ii) at the adoption of an updated set of risk policies and guidelines;
- (g) Requests the Risk Management Committee, with support from the Secretariat, to prepare and present to the Board for its consideration, no later than the fifteenth meeting of the Board, an updated set of risk policies and guidelines that include internal risk ratings methodologies, which should consider a differentiation of risks between adaptation and mitigation;
- (h) Further request the Secretariat to monitor and report to the Board at each Board meeting;

- (i) The amount of GCF funding approved;
  - (ii) The amount of GCF funding approved plus the submitted amount for approval at the specific Board meeting;
  - (iii) The accumulated fund disbursed by each accredited entity, country and result area, and
  - (iv) Any changes in priorities of the risk register; and
- (i) Takes note that the Secretariat will produce risk manuals for the GCF financial instruments, asset and liability management, liquidity, and market risk before the end of 2016;
  - (j) Recognizes that while the GCF monitoring and accountability framework for accredited entities as set out in annex I to decision B.11/10 requires accredited entities to provide annual performance reports, including financial management reports, to the GCF, the GCF is required to prepare financial risk management summaries on a quarterly basis pursuant to annex II to decision B.07/05. Accordingly, such summaries may only reflect the risk categories applicable to the performance and projects of accredited entities on an annual basis; and
  - (k) Requests the Secretariat to recruit, as a matter of urgency, staff with risk management expertise.

\* The risk register contained in annex XXVIII of decision B.12/34 was replaced by the Risk management framework component I – “Revised risk register”, as set out in annex V of decision B.17/11 (see \*DECISION B.17/11: Adoption of revised risk register, risk appetite statement, risk dashboard, and Risk guidelines for funding proposals )

**DECISION B.10/08: Adoption of risk dashboard and related categories and subcategories of risk, and risk appetite methodology**

The Board, having reviewed document GCF/B.10/07 Initial Risk Management Framework: Methodology to Determine and Define the Fund’s Risk Appetite:

- (a) Adopts the risk dashboard and the related categories and subcategories of risk proposed in Annex XXIII\* to this document;
- (b) Also adopts the Fund’s risk appetite methodology as contained in Annex XXIV\* to this document;
- (c) Requests the Secretariat, in consultation with the Risk Management Committee, to prepare for the eleventh Board meeting, a detailed risk register, which shall further define the risk categories and subcategories, as outlined in Annex XXIII to this document;
- (d) Also requests the Secretariat, in consultation with the Risk Management Committee, to develop and run scenarios, for the eleventh Board meeting, based on the adopted risk categories and subcategories, for consideration by the Board in the establishment of priorities, targets, tolerances and limits for the different risk categories and subcategories, as outlined in Annex XXIV to this document and to specify the risks to be addressed by the Fund and other actors such as accredited entities; and
- (e) Further requests the Secretariat, in consultation with the Risk Management Committee, to undertake a review of the risk dashboard by the third Board meeting of 2016.

\* The risk dashboard and the Fund’s risk appetite methodology contained in annexes XXIII and XXIV of decision B.10/08 were replaced by the Risk management framework component II – “Risk appetite statement” and by the Risk management framework component III – “Risk dashboard”, as set out in annexes VI and VII of decision B.17/11 (see \*DECISION B.17/11: Adoption of revised risk register, risk appetite statement, risk dashboard, and Risk guidelines for funding proposals )

**DECISION B.09/06: Initial Risk Management Framework/Risk Appetite**

The Board, having reviewed document GCF/B.09/13 Initial Risk Management Framework: Survey of Methodologies to Define and Determine Risk Appetite:

- (a) Takes note of this document; and
- (b) Requests the Secretariat, in consultation with the Risk Management Committee, to continue the work on determining the initial risk appetite of the Green Climate Fund, consistent with decision B.07/05.

**\*DECISION B.07/05: Adoption of the initial financial risk management framework of the GCF**

The Board, having reviewed document GCF/B.07/05 Financial Risk Management Framework:

- (a) Recognizes that the initial financial risk management framework focuses on the financial risk environment that the Fund will encounter in its operations;
- (b) Adopts the Fund's initial financial risk management framework as contained in Annex XI and Annex XIII to this document;
- (c) Takes note of the Fund's financial risk categorization and management as contained in Annex XII to this document;
- (d) Decides that the risk monitoring and reporting management system listed in table 1 of Annex XI to this document will be made operational before the Fund approves funding proposals;
- (e) Requests the Secretariat, in consultation with the Risk Management Committee, to prepare an analysis of the Fund's potential risk appetite under different key assumptions as part of its financial risk management framework. To this end:
  - (i) The Secretariat will provide, as a first step, a survey of methodologies used by relevant institutions to define and determine their risk appetite, for consideration by the Board at the third Board meeting of 2014;
  - (ii) The Secretariat, in consultation with the Risk Management Committee, will present at the first meeting after the Fund's initial resource mobilization a methodology for determining the initial risk appetite of the Fund, for approval of the Board; and
  - (iii) The Secretariat to outline various scenarios, using the approved methodology, will support the Board in the setting of the Fund's initial risk appetite.
- (f) Decides to annually consider undertaking a review of the initial financial risk management framework, and to have an in-depth review no later than three years after the initial capitalization of the Fund;
- (g) Requests that the Risk Management Committee, as part of its work programme, expand its analysis beyond financial risks to address other risks that the Fund may encounter.

**Annex XI: Initial financial risk management framework**

1. The Fund's initial financial risk management framework consists of the following components:

- (a) Financial risk policies;
- (b) Risk monitoring and reporting; and
- (c) Risk governance.

**I. Financial risk policies**

2. The Fund's initial financial risk policies are:

- (a) The Fund will in aggregate seek to maximize grant contributions, taking into account its theme-based allocation. It is foreseen that grant contributions must significantly exceed loan amounts;
- (b) The Fund will initially provide grants and loans through implementing entities (IEs) and intermediaries as per the financial terms and conditions to be approved. Intermediaries will be permitted to blend grants and loans received from the Fund with their own sources of financing or with third-party financing;

- (c) There will be no cross-subsidization between providers of grants and providers of loans. To this end, the Fund, with support from the Trustee, will monitor incoming and outgoing flows and incorporate a conservative hypothesis with respect to possible financial losses in order to ensure that actual reflows from outgoing loans will always exceed repayments due to contributors. The modalities of loan contributions will be defined, both at the collective and at the individual contributor level, in terms of concessionality and other modalities (including the possibility of associated grant or capital provision and appropriate arrangements with contributors regarding the possible write-down of loan contributions), to ensure that loan contributions do not entail any risk in this respect. Overall, these provisions will ensure that the average concessionality level of outgoing loans will be less than the average concessionality level of incoming contributions with a sufficient margin to cover credit risk;
- (d) To further avoid cross-subsidization between providers of grants and providers of loans, future financial losses will be borne by all contributors, which will require that one of the following arrangements (preferably the same) be taken with each loan contributor:
- (i) Appropriate arrangements with contributors regarding the possible write-down of loan contributions; or
  - (ii) The associated provision of a grant or capital contribution by the contributor to the Fund;
- (e) The grant or capital contribution to be made by loan contributors to cushion against credit risk should be calculated on the basis of a realistic assessment of the risks the Fund is expected to take. If, despite all reasonable efforts to maintain the risk profile of the portfolio of the Fund in line with this realistic assessment, the capital cushion proves inadequate, loan contributors will then be expected to contribute additional grant or capital contributions;
- (f) While maximizing effectiveness, the Fund will seek diversity in its asset portfolio on the basis of the Board-determined allocation criteria, geography, results areas, and accredited entities, keeping in mind prudent risk limits from a portfolio diversification perspective where relevant for loans and instruments that entail possible losses;
- (g) The Fund shall take a zero tolerance approach to fraud and shall seek to minimize the risk of moral hazard with respect to intermediaries, consistent with the initial fiduciary principles and standards set out in Annex II.

**II. Financial risk monitoring and reporting management system**

3. Table 1 provides an overview of the Fund’s risk monitoring and reporting management system.

Table 1: Fund’s risk monitoring and reporting management system

RISK MONITORING AND REPORTING TOOL	FREQUENCY OF USE	PURPOSE
Financial risk management summary	Quarterly	Track key financial risk indicators in real time.
Financial risk register	Annually	Perform an annual in-depth review of key risk events, management response and residual risk.
Financial statements	Semi-annually	Gain an overview of the institution’s financial situation and its trend over time.
Portfolio review	In real time, with an annual portfolio report	Identify leading indicators of financial risk within the portfolio based on the submission of information from intermediaries and implementing entities; perform stochastic portfolio analyses and sensitivity analyses.
External audit report	Annually	Confirm the accuracy of financial statements as well as obtain a third-party view of the financial health of an institution
Self-evaluation by the Committee of Sponsoring Organizations of the Treadway Commission	Every two years	Scan possible risk gaps not covered by the above-mentioned monitoring instruments.

**III. Financial risk governance: roles and responsibilities**

4. **Table 2 provides an overview of the roles and responsibilities related to the Fund’s financial risk governance.**

Table 2: Fund’s financial risk governance: roles and responsibilities

	Chief Financial Officer (and Risk Manager*)	Secretariat’s Risk Working Group**	Board’s Risk Management Committee
Role and responsibility	<ul style="list-style-type: none"> <li>• Preparation of financial statements</li> <li>• Preparation of annual portfolio reviews</li> <li>• Management of internal and external audit processes</li> <li>• Review of the financial reporting from the Trustee (and implementing entities and intermediaries)</li> <li>• Preparation of periodic financial risk management summaries</li> <li>• Development of an asset- liability management process</li> </ul>	<ul style="list-style-type: none"> <li>• Review of financial statements, portfolio review and risk summary</li> <li>• Integration of portfolio- level risk data into Secretariat’s due diligence as part of the approval process for project and programme funding</li> <li>• Management of the annual Committee of Sponsoring Organizations of the Treadway Commission (COSO) risk self-assessment for the Secretariat</li> </ul>	<ul style="list-style-type: none"> <li>• Overall oversight of the Fund’s risk management</li> <li>• Review of financial statements portfolio review and risk summary</li> <li>• Recommendation of risk ceilings (the Fund’s risk appetite or risk limit) for the Board’s approval</li> <li>• Assessment of compliance of the Fund’s financial risk levels with the ceilings</li> <li>• Provision of guidance to the Secretariat on portfolio risk</li> <li>• Reporting on financial risk to the Board</li> <li>• Management of the annual COSO risk self-assessment for the Board</li> </ul>

\* The Risk Manager and General Counsel report to the Executive Director and advise both Executive Director and the Board on risk and on legal matters respectively.

\*\* With support from the Trustee as appropriate.

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### Annex XII: The Fund's financial risk categorization and management\*

	ASSET-SIDE RISK	LIABILITY-SIDE RISK	ASSET-LIABILITY MISMATCH RISK
Aspect of the Fund's business	<p>Funding extended to developing country entities to fund climate mitigation and adaptation projects and programmes</p> <ul style="list-style-type: none"> <li>• Grants</li> <li>• Concessional loans</li> <li>• Other financial instruments, as may be approved by the Board</li> </ul>	<p>Financial contributions pledged or received from partners</p> <ul style="list-style-type: none"> <li>• Grants</li> <li>• Capital contributions</li> <li>• Loans</li> <li>• Any other input received by the Fund</li> </ul>	<p>Mismatch between the Fund's assets and liabilities</p>
Key nature of risks (non-exhaustive list)	<ul style="list-style-type: none"> <li>• Counter-party risk: counter-party evaluation, etc.</li> <li>• Implementation risk (non-performing borrower/intermediary or implementing entity (IE), as appropriate)</li> <li>• Technical risk (risky technology)</li> <li>• Market risk (price movements)</li> <li>• Foreign exchange risk, as may be approved by the Board (exchange rate risk, currency availability)</li> <li>• Country risk (war and civil disturbance, expropriation, breach of contract)</li> </ul>	<ul style="list-style-type: none"> <li>• Arrears in contributions</li> <li>• Foreign exchange movements in currencies held</li> <li>• Interest rate movements</li> <li>• Liquidity risk</li> <li>• Counter-party risk relating to the Trustee</li> </ul>	<ul style="list-style-type: none"> <li>• Maturity and tenor: mismatch in duration of funding received and funding granted</li> <li>• Interest rate: mismatch in pricing of funding received and granted</li> <li>• Currencies: mismatch in currencies of funding granted and received</li> <li>• Liquidity mismatch between assets and liabilities</li> <li>• Non-performing loan (NPL) rate: aggregate NPLs and grants provided exceed grants received</li> <li>• Cross-subsidy risk: grants from certain contributors serve to cross-subsidize loan repayments to other partners</li> </ul>
	<p>Asset-side risks need to be monitored and managed in aggregate at the portfolio level</p> <p>At the project level, risks will be managed and mitigated by the IE or intermediary, as appropriate:</p> <ul style="list-style-type: none"> <li>• Risk assessment: technical and financial appraisal to evaluate the overall risk profile of the project/programme</li> <li>• Implementation risk: borrower/ implementer accreditation, third-party guarantees of performance</li> <li>• Technical risk: independent engineering review</li> <li>• Market risk: hedging, contractual terms (e.g. take-or-pay)</li> <li>• Foreign exchange risk: foreign exchange hedging, swaps</li> <li>• Country risk: political risk insurance</li> </ul>	<ul style="list-style-type: none"> <li>• Arrears in contributions pledged: mitigated through contracts and/or backstop guarantees</li> <li>• Foreign exchange risk: mitigated through institutional exchange policies, hedging and/or swaps</li> <li>• Interest rate risk: mitigated through hedging such as swaps</li> <li>• Liquidity risk: mitigated by the Trustee through cash management</li> <li>• Counter-party risk: counter-party evaluation and/or performance guarantees/bonds</li> </ul>	<ul style="list-style-type: none"> <li>• Monitoring of asset/liability match in real time to avoid exceeding</li> <li>• Board-established ceilings on maturity and tenor; interest rate; currencies; and NPL rate</li> <li>• Ongoing asset-liability management process to track asset-liability mismatch</li> </ul>

\*Excludes global financial and political risks.

### Annex XIII: Financial arrangements for grants and concessional loans and the role of implementing entities and intermediaries in financial arrangements<sup>1</sup>

#### **I. Financial arrangements for grants and concessional loans**

- (a) The implementing entity (IE) or intermediary will submit a funding proposal that in its assessment will make the project or programme viable given the risk profile of the project/programme as well as its contribution to the Fund's objectives;
- (b) The subsidy element provided through grants and/or concessional lending will be the minimum amount necessary to make the project or programme viable and help achieve the Fund's paradigm shift objective; and
- (c) The Secretariat, as part of its second stage due diligence, will assess the validity of the proposed financing terms and conditions, and will inform the Board accordingly in order for the Board to decide on the funding proposal.

#### **II. The role of implementing entities and intermediaries**

- (a) The Fund will include in its administrative agreements with the IEs or intermediaries a provision on expected repayment of the non-grant portion of the funds; and
- (b) The intermediary will use resources provided by the Fund to finance a project or programme, under terms and conditions that will make it viable at the minimum level of concessionality, as specified in the agreed funding proposal, including blending where relevant.

## **GENDER POLICY**

### **\*DECISION B.24/12: Adoption of the Updated Gender Policy and Gender Action Plan of the GCF 2020-2023**

The Board, having considered document GCF/B.24/15 titled "Updated Gender Policy and Gender Action Plan 2020–2023":

- (a) Takes note of the Secretariat's report of the survey findings on the direct costs and benefits associated with the implementation of the policy and acknowledges the progress made in the implementation of the Gender Policy and Gender Action Plan as presented in section III of annex V to the document;
- (b) Also takes note of the gender action plan of the United Nations Framework Convention on Climate Change and related matters regarding gender-sensitive and gender-responsive climate policy;
- (c) Requests the Secretariat, in its annual reports to the Board, to provide a GCF-focused implementation perspective related to gender-responsive climate policy;
- (d) Confirms that, in order to support capacity-building to access GCF resources:
  - (i) National designated authorities and focal points may request readiness and preparatory support from GCF to develop and/or strengthen their capacities, policies, procedures and competencies to meet the requirements of the updated Gender Policy of the GCF and the Gender Action Plan of the GCF 2020–2023; and
  - (ii) Direct access entities may request support from the Project Preparation Facility to support the project-level requirements of the updated Gender Policy of the GCF and Gender Action Plan 2020–2023;
- (e) Adopts the updated Gender Policy of the GCF as presented in annex XXIII, acknowledging the progress made in advancing gender balance and gender equality within the context of climate change policies and in line with individual country circumstances when applying said policy;

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<sup>1</sup> This annex would not pre-determine the outcome of the document on financial terms and conditions.

- (f) Also adopts the Gender Action Plan of the GCF 2020–2023, as contained in annex XXIV; and
- (g) Requests the Secretariat to implement the Gender Action Plan for the period of 2020 to 2023 and the associated gender indicators, as contained in annexes XXIV and XXV, respectively.

### Annex XXIII: Gender Policy of the GCF

#### **I. Background**

1. The Governing Instrument for the GCF vests GCF with a clear mandate to enhance a gender-sensitive approach in its processes and operations. The Governing Instrument recognizes the importance of gender considerations in terms of impact and access to climate funding thus:

- (a) In paragraph 3: “The Fund will strive to maximize the impact of its funding for adaptation and mitigation, and seek a balance between the two, while promoting environmental, social, economic and development co-benefits and taking a gender-sensitive approach”; and
- (b) In paragraph 31: “The Fund will provide simplified and improved access to funding, including direct access, basing its activities on a country-driven approach and will encourage the involvement of relevant stakeholders, including vulnerable groups and addressing gender aspects.”

2. Paragraph 71 of the Governing Instrument explicitly lists women among GCF stakeholders. Finally, the Governing Instrument calls for gender balance among the members of the Board (para. 11) and the staff of the Secretariat (para. 21).

3. The Gender Policy of the GCF (hereinafter “Gender Policy”) expresses the commitment of GCF to promote gender equality within the Secretariat, across its investment criteria,<sup>1</sup> and as an integrated measure of the social dividends of the overall portfolio.

4. The Gender Policy and Gender Action Plan of the GCF (hereinafter “Gender Action Plan”) were prepared by taking into consideration the policies and best practices of other multilateral development banks and international organizations, including the Global Environment Facility Policy on Gender Equality and the Global Environment Facility Gender Equality Action Plan.

#### **II. Rationale**

5. In the context of sustainable development, GCF will consistently mainstream gender issues in its implementation arrangements and frameworks for its projects. The Gender Policy recognizes that gender relations, roles and responsibilities exercise important influences on women’s and men’s access to and control over decisions, assets and resources, information, and knowledge. This Gender Policy also recognizes that the impacts of climate change can exacerbate existing gender inequalities. The Gender Policy further acknowledges that climate change initiatives are more sustainable, equitable and more likely to achieve their objectives when gender equality and women’s empowerment considerations are integrated into the design and implementation of projects. Further, this Gender Policy recognizes that women and vulnerable communities are also part of the solution to climate change and should, therefore, be effectively engaged in discussions and decisions that affect them.

6. The Gender Policy is closely aligned with the United Nations Sustainable Development Goals (SDGs), which make explicit commitments to gender equality, both as a stand-alone goal on gender equality and women’s empowerment (SDG5) and as a theme cutting across all the SDGs. An aim of combating climate change is to promote mechanisms for raising capacity for effective climate change-related planning and management in the least developed countries and small island developing States, and includes focusing on women from vulnerable communities.

7. The Gender Policy will be consistent with and linked to the existing relevant frameworks, policies and standards of GCF as well as relevant policies that GCF may develop in the future.

#### **III. Objectives**

8. This Gender Policy reinforces the responsiveness of GCF to the, culturally diverse context of gender equality to better address and account for the links between gender equality and climate change. The Gender Policy commits GCF to:

- (a) Enhance gender equality within its governing structure and day-to-day operations; and
- (b) Promote the goals of gender equality and women’s empowerment through its decisions on the allocation of funds, operations and overall impact as outlined in the Gender Action Plan.

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<sup>1</sup> GCF commits to six investment criteria, including impact potential, paradigm shift potential, sustainable development potential, country ownership, efficiency and effectiveness, and the needs of the recipient (referred to collectively as IPSCEN compliance).

9. This Gender Policy spells out the principles for achieving gender equality and women's empowerment through an action plan and supporting technical guidance, the operational requirements for stakeholder involvement in the design, implementation and evaluation of projects.

10. This Gender Policy moves beyond a narrow understanding of gender to consider, respect and value the contribution of both women and men.

11. The Gender Policy has three main objectives:

- (a) To support climate change interventions and innovations through a comprehensive gender approach, applied both within the institution and by its network of partners, including accredited entities (AEs), national designated authorities (NDAs) and focal points, and delivery partners for activities under the GCF Readiness and Preparatory Support Programme;
- (b) To promote climate investments that:
  - (i) Advance gender equality through climate change mitigation and adaptation actions; and
  - (ii) Minimize social, gender-related and climate-related risks in all climate change actions; and
- (c) To contribute to reducing the gender gap of climate change-exacerbated social, economic and environmental vulnerabilities and exclusions through GCF climate investments that mainstream gender equality issues.

#### IV. Scope of application

12. GCF will apply its Gender Policy throughout its activities, including all funding activities for mitigation and adaptation undertaken by both the public and private sector. The Gender Policy's objectives apply across four interconnected levels:

- (a) **At the GCF institutional level:** to adopt, implement and document the GCF approach to addressing gender issues in its day-to-day governance, operations and procedures, and its performance measurement frameworks as reflected in the Gender Action Plan while committing the necessary resources, financial and human, to make this approach robust and effective;
- (b) **At the project/portfolio level:** to address and reduce gender inequality, deepen stakeholder engagement and deliver better accountability to both men and women to generate sustainable livelihood opportunities, health and well-being, and resilience against climate-induced shocks and risks;
- (c) **At the national level:** to support and sustain an enabling environment among GCF stakeholders – including NDAs/focal points, AEs, and delivery partners – that builds on existing policy commitments, environmental and social standards, and redress mechanisms to achieve gender equality in accordance with the decision B.24/12;
- (d) **At the sector level:** to contribute to high-quality, more comprehensive, systematic and participatory sex-disaggregated data collection, qualitative and quantifiable gender analysis and action plans, and a knowledge base that supports gender-related learning outcomes.

13. In this way, GCF will support an institutional culture and enabling environment that integrates gender equality, vertically and horizontally, across diverse stakeholders and climate change-relevant policy processes and frameworks through the course of the project life cycle and climate investments.

#### V. Guiding principles

14. Guiding principles underpin the core values and premises of the Gender Policy and are aligned with the objectives and guiding principles of the Governing Instrument.<sup>143F2</sup> These principles are presented in the following sections.

##### 5.1 Principle 1

15. The Fund's gender policy is guided by the United Nations Framework Convention on Climate Change (UNFCCC), in which the Parties to the United Nations Framework Convention on Climate Change note that when addressing climate change, principles of gender equality and empowerment of women should be respected, promoted and considered.<sup>3</sup>

16. The Fund's gender policy is congruent with international arrangements<sup>4</sup>, in particular with the Universal Declaration of Human Rights, the Convention on the Elimination of All Forms of Discrimination against Women, the Sustainable Development Goals, and the International Labour Organization's core conventions, in that it recognizes the equal rights of women and men to access the Fund's services in order to adapt to and mitigate against the impact of climate change.

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<sup>2</sup> The Governing Instrument, in paragraph 3, states: "The Fund will strive to maximize the impact of its funding for adaptation and mitigation, and seek a balance between the two, while promoting environmental, social, economic and development co-benefits and taking a gender-sensitive approach."

<sup>3</sup> Available at <<http://unfccc.int/resource/docs/2015/cop21/eng/10a01.pdf#page=2>>.

<sup>4</sup> Not all Parties to the UNFCCC are Parties to such instruments listed in this paragraph and some have entered reservations.

17. GCF recalls the preamble to the Paris Agreement which states: “Acknowledging that climate change is a common concern of humankind, Parties should, when taking actions to address climate change, respect, promote and consider their respective obligations on human rights; the right to health, the rights of indigenous peoples, local communities, migrants, children, persons with disabilities and people in vulnerable situations, and the right to development, as well as gender equality, empowerment of women and intergenerational equity.

18. The Gender Policy is also guided by Article 7.5 of the Paris Agreement, where parties acknowledge that that adaptation action should follow a country-driven, gender-responsive, participatory and fully transparent approach, taking into consideration vulnerable groups, communities and ecosystems and should be based on and guided by the best available science and, as appropriate, traditional knowledge, knowledge of indigenous peoples and local knowledge systems, with a view to integrating adaptation into relevant socioeconomic and environmental policies and actions, where appropriate.

### 5.2 Principle 2

19. GCF hereby informs the countries that proposed activities under the GCF Readiness and Preparatory Support Programme, including supporting the formulation of national adaptation plans and/or other adaptation planning processes or project proposals submitted to GCF by countries, AEs, and delivery partners, that they must be informed and guided by this Gender Policy and any existing applicable policies and priorities on gender equality.

20. GCF requires that women and men be provided with equal opportunity to take an active part in stakeholder consultations and decision-making during project preparation, implementation and evaluation. In this regard, GCF will encourage the NDAs/focal points serving as coordinating mechanisms for the engagement of their countries with GCF to apply the principles of inclusion, equality and non-discrimination with respect to stakeholder consultations and decision-making aligned with any existing capacities and applicable policies and priorities of the country on gender, this Gender Policy, the guideline for enhanced country ownership and drivenness, and initial best practice options for country coordination and multi-stakeholder engagement approved by the Board.<sup>5</sup>

### 5.3 Principles 3

21. For the purposes of this Gender Policy, GCF requires that in line with the Fund’s Environment and Social Policy, women and men, including from vulnerable groups<sup>6</sup>, be provided with an equal and equitable opportunity to be fully and effectively engaged in consultations and decision-making throughout the project cycle, taking into consideration the initial best practice options for country coordination and multi-stakeholder engagement,<sup>7</sup> the country ownership guidelines,<sup>8</sup> and the principle of free, prior and informed consent in projects involving indigenous peoples in line with the environmental and social safeguards standards of GCF and the Indigenous Peoples Policy.<sup>9</sup>

22. The GCF process requires AEs to undertake consultation that is gender sensitive and culturally aware, pursuant to the GCF Environmental and Social Policy<sup>10</sup> and Indigenous Peoples Policy, and that will be supported by the disclosure of relevant information pursuant to the Information Disclosure Policy of the GCF.<sup>11</sup>

### 5.4 Principle 4

23. GCF recognizes the importance of transparency, non-discriminatory access and accountability in all aspects of its operations. Through its Information Disclosure Policy, GCF endeavours to provide accurate, gender-related and timely information to its stakeholders and the public at large, about its policy guidelines, standards, procedures and project operations.

## VI. Policy requirements

24. The Gender Policy requirements are categorized as follows:

- (a) GCF responsibilities;
- (b) AE commitments; and
- (c) Project-level requirements.

### 6.1 GCF responsibilities

25. GCF is responsible for dedicating financial, human and other resources as required to implement the Gender Policy, specifically:

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<sup>5</sup> Decision B.17/21.

<sup>6</sup> Decision B.19/10. Annex X, paragraph 2(f) “Disadvantaged or vulnerable” refers to those who maybe more likely to be adversely affected by the project impacts and/or more limited than others in their ability to take advantage of a project’s benefits. Such an individual/group is also more likely to be excluded from/unable to participate fully in the mainstream consultation process and as such may require specific measures and/or assistance to do so.

<sup>7</sup> Decision B.08/10.

<sup>8</sup> Decision B.17/21.

<sup>9</sup> Decision B.19/11.

<sup>10</sup> Decision B.19/10.

<sup>11</sup> Decision B.12/35, paragraph (a).

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- (a) GCF will ensure that entities applying to be accredited by GCF are assessed in and considered for accreditation in accordance with the accreditation framework<sup>12</sup> and taking into account their commitment and capacity to meet the principles and requirements of the Gender Policy;
- (b) GCF will ensure that under the accreditation master agreements and funded activity agreements with AEs, the AEs are required to comply with the requirements of the Gender Policy;
- (c) GCF will review the gender assessment and the project-level gender action plan submitted by the AE with each funding proposal and monitor implementation;
- (d) GCF will ensure that the design and implementation of GCF-financed activities are informed by the results of the gender assessments undertaken by the AE during the preparation of the activities;
- (e) GCF will require that annual performance reports submitted by AEs on GCF-funded activities include progress made in implementing project-level gender action plans;
- (f) GCF will commit resources as necessary towards independent verification and project reviews and assessments to document and publish the benefits and considerations of actions and achievements that address gender issues as deemed necessary;
- (g) GCF will, to the extent feasible, develop specific targets and progress indicators aligned with the SDG framework, particularly SDG5 and gender targets in the other goals; integrate both qualitative and quantitative targets and indicators as per the GCF results management framework and performance measurement frameworks, and require all projects financed by GCF to report progress and impact against these frameworks;
- (h) GCF will generate, document, publish and archive experience gained through its actions and project investments to promote learning from the best practice implementation of its partners. GCF will also commit to capitalize on knowledge and expertise gained from other organizations and comparable climate finance mechanisms;
- (i) GCF will organize gender training or provide technical and material support for gender resources as requested by the Board. Where requested, the Secretariat may organize gender training and capacity-building for AEs and delivery partners, including through the integration of a gender training module in its activities under the Readiness and Preparatory Support Programme;
- (j) GCF may complement its own technical capacity within the Secretariat with gender consultants and/or through the establishment of a gender advisory group of experts; and
- (k) Gender-related grievances that may occur in projects and programmes may also be processed through the Independent Redress Mechanism as well as the AE and the project-level grievance redress mechanisms pursuant to the environmental and social safeguards standards, Environmental and Social Policy, and the Indigenous Peoples Policy of GCF.

### 6.2 Accredited entities and commitments

26. The AEs will dedicate the necessary financial, human and other resources, as appropriate, to comply with the principles and requirements of the Gender Policy.

27. At the project level, the AEs will be responsible for meeting the principles and requirements of the Gender Policy and supporting the implementation of the project-level gender action plan as it relates to the GCF-approved activity as well as for reporting on results, including the generation and use of sex-disaggregated as well as qualitative data.

28. The AEs will take the necessary measures to ensure that proposed projects, as well as proposed activities under the GCF Readiness and Preparatory Support Programme, submitted to GCF for financing are aligned with national policies and priorities on gender.

### 6.3 Project-level requirements

29. At the project preparation stage, the GCF will require AEs to:

- (a) Ensure that concept notes and funding proposals submitted for GCF financing meet the principles and requirements of the Gender Policy;
- (b) Submit as a part of the funding proposal (i) a gender assessment, along with appropriate environmental and social assessments (as may be required according to the level of risks and impacts), and (ii) a project-level gender action plan; and
- (c) Integrate analysis of context and sociocultural factors underlying climate change-exacerbated gender inequality and optimize the potential contributions of women and men of all ages to build both individual and collective resilience to climate change.

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<sup>12</sup> Decision B.07/02.

30. At the project implementation, monitoring and reporting stage:
- (a) GCF will ensure that AEs take necessary measures to implement the project-level gender action plan submitted as part of the funding proposal approved by GCF;
  - (b) GCF will require that in implementing the project-level gender action plan, AEs will refine, as may be necessary, the gender-related baseline, indicators and targets;
  - (c) GCF will require that AEs take the necessary measures to ensure periodic updates on the gender assessments and notify GCF when there are major changes in the design and execution of projects, or other circumstances that may affect the implementation of the gender action plan. AEs will also notify GCF of any changes in the project-level gender action plan; and
  - (d) GCF will require AEs to monitor and report on the progress made in implementing the project-level gender action plan.

### **VII. Key priority areas for operationalizing the Gender Policy of the GCF and Gender Action Plan of the GCF 2020–2023**

31. The implementation of the Gender Policy and Gender Action Plan will focus on the following five priority areas, as described in detail in annex III to this document, including:

- (a) Governance;
- (b) Competencies and capacity development;
- (c) Resource allocation, accessibility and budgeting;
- (d) Operational procedures; and
- (e) Knowledge generation and communications.

### **VIII. Effectiveness and revision**

32. This Gender Policy and Gender Action Plan will come into effect upon adoption by the Board. The policy will apply to ongoing activities to the extent reasonably possible and those that will be approved after the effective date of this policy.<sup>13</sup> This Gender Policy will remain in effect until amended or superseded by the Board.

33. The Secretariat understands that the promotion of gender equality and the empowerment of women at the institutional and project levels is a long-term undertaking and a sustained commitment, which includes tracking and reporting on progress annually. It also acknowledges that approaches to gender equality and women's empowerment evolve over time. The Gender Policy will be reviewed and updated by a decision of the Board, as appropriate.

## Annex XXIV: Gender Action Plan of the GCF 2020–2023

### **I. Introduction**

1. The duration of the Gender Action Plan of the GCF 2020–2023 (hereinafter “Gender Action Plan”) is three years.

2. The operationalization of the Gender Policy of the GCF (hereinafter “Gender Policy”) rests among Secretariat roles, commitments and responsibilities and the compliance required by accredited entities (AEs) on project preparation, implementation, monitoring and reporting. GCF will develop sufficient institutional capacity and expertise to promote its gender objectives and ambitions.

3. The purpose of the Gender Action Plan is to provide a time-bound framework within which to operationalize the Gender Policy. Implementation of the Gender Action Plan will require GCF to ensure that AEs have established competencies, tools and processes to achieve results. It also provides the Board with the information required to exercise its oversight responsibility for the Gender Policy and Gender Action Plan, as mandated by the Governing Instrument for the GCF.

4. The Gender Action Plan is structured into five priority areas with accompanying details on the implementation actions required for each priority area.

#### 1.1 Priority area 1: governance

5. GCF will strive to reach gender parity in all key advisory and decision-making bodies, including the Accreditation Panel, the independent Technical Advisory Panel and the Secretariat.

6. The Board will approve and periodically review the Gender Policy and Gender Action Plan and oversee the implementation of the Gender Action Plan through the review of periodic monitoring reports from the Secretariat.

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<sup>13</sup> Unless otherwise provided for in any signed accreditation master agreement, in which case the relevant provisions of the accreditation master agreement will prevail.

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7. The Secretariat will undertake due diligence of the implementation of the Gender Policy and Gender Action Plan by internal gender audits, and through a project approval and monitoring process. Internal audits should include performance against organizational, process-level indicators of the Gender Action Plan, as listed in annex IV to this document. The implementation of this Gender Policy and Gender Action Plan will require gender competencies within the Accreditation Panel, the independent Technical Advisory Panel and the Board. The Secretariat will report to the Board on the implementation of the Gender Policy and Gender Action Plan on an annual basis.

8. The overall implementation of the Gender Policy and Gender Action Plan is the responsibility of GCF. The Gender Action Plan contains an indicative budget, which will be allocated from the administrative and the Readiness and Preparatory Support Programme. At the project level, GCF will ensure that the AEs meet the project-level requirements of the Gender Policy.

9. National designated authorities (NDAs) and focal points may request readiness and preparatory support from GCF to develop and/or strengthen their policies, procedures and competencies to meet the requirements of the Gender Policy and Gender Action Plan.

### 1.2 Priority area 2: competencies and capacity development

10. GCF will ensure that learning in relation to gender equality and climate change becomes a valuable and required asset available to all staff and that this requirement is integrated into key qualification criteria across the organization. GCF will ensure that resources are available for internal learning for GCF personnel and the Board to fully subscribe to principles of the Gender Policy, not just as an operational project impact issue but as a fundamental way to include people in all their diversity to engage with, contribute to and benefit from GCF policies and investment decisions.

11. GCF is accountable for results on gender equality and the empowerment of women related to its mandate and interventions. This will be reflected in GCF administrative policies and procedures, human resource management guidelines that adhere to the principles of equal opportunity, non-discrimination and respect for individuals regardless of their gender.

12. The Secretariat will undergo training on gender mainstreaming approaches and be supported to contribute to the development of institutional guidelines to operationalize the Gender Policy and Gender Action Plan.

13. In addition to the appointment of a gender and social specialist, the Secretariat may consider appointing a senior staff member as the gender focal point or champion reporting to the Executive Director to lead the implementation of the policy as an intra-Secretariat coordination group.

14. GCF published a gender and climate change toolkit<sup>15</sup> that provides details on how to programme climate change tools to mainstream gender in the overall project life cycle. This toolkit will be disseminated widely among NDAs/focal points, AEs, delivery partners and other relevant stakeholders. Training will also be provided to NDAs/focal points, AEs, and delivery partners on how to interpret and operationalize the toolkit. The gender and social specialist at GCF will work closely with the Secretariat to conduct training sessions on applying the toolkit.<sup>15</sup>

15. GCF will use outreach and capacity development events and activities to raise awareness, build capacity, and share knowledge about the Gender Policy.

### 1.3 Priority area 3: resource allocation, accessibility and budgeting

16. GCF resource allocation for adaptation and mitigation projects contributes to gender and women's empowerment. GCF will ensure that its projects support initiatives addressing the inequity of climate change impacts and provide solutions to climate change mitigation, adaptation, and country-driven readiness and national-level adaptation programs. When it is necessary to correct for climate change-exacerbated gender inequality, which affects women, GCF will target funds to support women's climate change adaptation and mitigation initiatives.

17. At the Secretariat level, appropriate human, financial and material resources will be allocated through the administrative budget to carry out knowledge management, monitoring, evaluation, learning, capacity development, and implementation support.

18. GCF will require AEs to submit funding proposals that contain gender assessments and project-level gender action plans, which include implementation budgets.

### 1.4 Priority area 4: operational procedures

19. The Gender Policy and Gender Action Plan will be implemented throughout GCF project life cycles and operational processes, and this implementation will consist of a set of agreed-upon or predetermined activities that will lead to greater understanding and oversight of gender-related organizational goals. GCF will ensure that AEs have in place gender equality competencies to support the operationalization of this Gender Policy and Gender Action Plan. Guidelines will be issued for the benefit of NDAs/focal points, AEs and delivery partners. The guidelines will

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<sup>15</sup> GCF and United Nations Women, Mainstreaming Gender in Green Climate Fund Projects. Available at <[https://www.greenclimate.fund/documents/20182/194568/Guidelines\\_-\\_GCF\\_Toolkit\\_Mainstreaming\\_Gender.pdf/860d1d03-877d-4c64-9a49-c0160c794ca7](https://www.greenclimate.fund/documents/20182/194568/Guidelines_-_GCF_Toolkit_Mainstreaming_Gender.pdf/860d1d03-877d-4c64-9a49-c0160c794ca7)>.

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apply to all activities, including private sector activities, and to the GCF project/activity cycle.<sup>16</sup> GCF will ensure that AEs undertake:

- (a) A mandatory initial gender assessment and develop a project-level gender action plan, complementary to the environmental and social safeguards (ESS) requirements. The gender assessment and the project-level gender action plan will:
  - (i) Collect baseline data and determine how the project can respond to the needs and strategic interests of women and men in view of the specific climate change issue to be addressed;
  - (ii) Identify the drivers of change and the gender dynamics to achieve the project adaptation or mitigation goals;
  - (iii) Identify and design the specific gender elements to be included in the project activities;
  - (iv) Estimate the implementation budgets;
  - (v) Select appropriate and measurable output, outcome and impact indicators; and
  - (vi) Design project implementation and monitoring of institutional arrangements; and
- (b) Gender-equitable and inclusive stakeholder engagement and consultations conducted and documented throughout the design and implementation of the project/programme, as follows:
  - (i) Inclusion of gender perspectives in the application of the mandatory project social and environmental safeguards in line with project-specific requirements of the ESS in accordance with decision B.07/02;<sup>17</sup> and
  - (ii) Project screening for the integration of gender issues at various stages of the project preparation, appraisal, approval and monitoring process by the relevant bodies (NDAs/focal points, AEs, and the Secretariat).

20. NDAs/focal points and entities may request support under the Readiness and Preparatory Support Programme to enhance their capacity to implement the Gender Policy and Gender Action Plan. GCF may develop sector notes on gender that promote the use of knowledge and lessons learned on gender issues as well as methodologies for assessing impacts, and it may conduct in-house learning to promote gender mainstreaming in climate investments.

21. The GCF proposal approval process will guide AEs to select and apply a range of gender indicators to measure progress, outcomes and impacts.

22. The Secretariat is accountable to its Board for gender and climate change results and outcomes and reports annually in a transparent manner. Additional qualitative and quantitative gender monitoring, impact and outcome indicators, as well as methodologies for sex-disaggregated data collection, will be developed to complement those included in the results management and performance measurement frameworks.<sup>18</sup> Progress on gender results will be reported to the Parties to the United Nations Framework Convention on Climate Change as part of the GCF annual report to the Conference of the Parties. The Secretariat will provide regular (i.e. quarterly) policy monitoring reports to the Board.

23. AEs will be responsible for reporting on gender-related risks in relation to GCF-financed activities and reporting on how these risks are minimized or mitigated.

24. GCF will undertake gender mainstreaming<sup>19</sup> performance assessments periodically at the project level to assess if there are any programmatic and operational gaps that might have limited AEs from achieving goals related to gender and will recommend corrective measures to be undertaken by AEs. The gender assessments, when necessary, may be outsourced to an external agency with sufficient expertise in conducting such assessments.

25. Priority area 5: knowledge generation and communications

26. As a learning institution, the GCF will work with NDAs/focal points, AEs, and delivery partners to document experience and knowledge gained from applying the Gender Policy and Gender Action Plan to activities under the Readiness and Preparatory Support Programme, country programme development, concept notes, funding proposals

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<sup>16</sup> Decision B.07/03.

<sup>17</sup> The initial socioeconomic and gender assessment is recommended for GCF to proactively build in a gender-responsive approach to project planning design and implementation arrangements, in contrast to the GCF ESS, which employs the conventional “do no harm” approach to ensure that all project potential environmental risks are addressed and that measures are identified to offset these risks.

<sup>18</sup> Decision B.08/07.

<sup>19</sup> The United Nations Economic and Social Council agreed conclusions 1997/2 defines gender mainstreaming as “the process of assessing the implications for women and men of any planned action, including legislation, policies or programmes, in all areas and at all levels. It is a strategy for making women’s as well as men’s concerns and experiences an integral dimension of the design, implementation, monitoring and evaluation of policies and programmes in all political, economic and societal spheres so that women and men benefit equally and inequality is not perpetuated. The ultimate goal is to achieve gender equality”. Further information is available at <http://www.un.org/womenwatch/osagi/pdf/ECOSOCAC1997.2.PDF>.

and project activities. It will seek to identify good practices from NDAs/focal points and their countries, AEs, delivery partners, and observers to Board meetings and tap into the contextual knowledge already available on gender and climate mitigation and adaptation programmes and projects implemented by other partners. GCF will support global, regional, national and subnational knowledge exchange activities on gender and climate change finance.

27. Communicating the GCF commitment to gender, its Gender Policy and its implementation guidance will be a strategic communications activity and an integral part of the GCF communications plan. It will be important to communicate to the public not only how GCF is implementing its updated Gender Policy and Gender Action Plan but also to seek periodic feedback from stakeholders and partners on the implementation of the Gender Policy and on possible improvements in the Gender Action Plan.

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### Annex XXV: Gender Action Plan Indicators

Priority areas	Results to be achieved: implementation of the Gender Policy				
	Action	Indicators	Responsibility	Timing	Budget estimates
Priority area 1: governance	1. Approval of the updated policy				
	2. Periodic monitoring of reports on the implementation of the Gender Policy and Gender Action Plan	<ul style="list-style-type: none"> <li>Annual progress reports to the Board</li> <li>Reporting on gender issues is covered in the annual Independent Redress Mechanism report and in the annual report to the Conference of the Parties</li> </ul>	Board, Secretariat, Portfolio Management Unit, Independent Redress Mechanism, Accreditation Panel	July 2020 annually starting in July 2020; applicable to entities that submit their application for accreditation after the adoption of the updated Gender Policy	No cost implications No additional costs envisaged No cost implications
	3. Include performance on gender equality in the accreditation requirements related to the GCF Gender Policy and Gender Action Plan	<ul style="list-style-type: none"> <li>Percentage of AEs with policies and procedures on gender equality at the time of accreditation</li> <li>Percentage of AEs with gender equality competencies and track records in gender equality issues at the stage of accreditation</li> <li>Percentage of direct access applicants and AEs requesting readiness support for the development of gender equality policies and procedures</li> </ul>			
Priority area 2: competencies and capacity-development	1. Increase the knowledge of GCF partners on gender equality and climate change	<ul style="list-style-type: none"> <li>Number of stakeholders, NDAs/focal points and AEs that received gender training</li> </ul>			
	2. Improve the understanding of how to programme for gender equality results among GCF partners by disseminating the GCF gender and climate change toolkit	<ul style="list-style-type: none"> <li>GCF gender toolkit disseminated, and guidance provided to NDAs/focal points and AEs on how to interpret the information contained in the toolkit</li> </ul>			

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<p>Priority area 3: resource allocation, accessibility and budgeting</p>	<p>Funding to support gender issues for GCF and AEs</p>	<ul style="list-style-type: none"> <li>• Approved budget amount for targeted gender support at the project/programme/portfolio level</li> <li>• Percentage of the annual administrative budget earmarked by the Secretariat to support gender expertise (staff, consultants), training, communications and monitoring and evaluation</li> </ul>	<p>AEs/Secretariat</p>	<p>Annually</p>	<p>Cost estimates to be presented by the AE at the project level and costs to be factored in by the Secretariat in the annual work plan/administrative budget</p>
<p>Priority area 4: operational procedures</p>	<p>Include gender equality consideration in the GCF Operational Manual: 1. Guidance for NDAs/focal points, AEs on the mandatory socioeconomic and gender assessment and gender action plan at the start of each project</p>	<p>Guidelines issued and communicated to NDAs/focal points and AEs through the GCF website and through active outreach</p>	<p>Secretariat</p>	<p>2020–2023</p>	<p>USD 30,000 annually for training sessions</p>
	<p>2. Guidance on project design elements, budgets, results, monitoring, and impact indications, preparation, implementation and the monitoring of institutional arrangements</p>	<p>100% of all approved funding proposals contain a gender assessment and a project-level gender action plan, made for public viewing on the GCF website</p>			

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	<p>3. Develop applied toolkits and sourcebooks for NDAs/focal points and AEs on gender and climate change mitigation and adaptation, including for specific sectors</p>	<ul style="list-style-type: none"> <li>• Number of training sessions on the guidelines provided to NDAs/focal points and AEs, and the qualitative reporting of these training</li> <li>• Number of toolkits, sourcebooks and references posted on the GCF website</li> </ul>			
	<p>4. Application of gender equality guidelines in project preparation, design, implementation, monitoring and reporting</p>	<ul style="list-style-type: none"> <li>• Percentage of projects that apply gender-balanced stakeholder consultations</li> <li>• Number of funding proposals whose principal objective is to promote gender equality in climate action</li> <li>• Number of projects where women and men report improvements in their quality of life</li> <li>• Number of projects that demonstrate the reduced vulnerability of both women and men</li> <li>• Number of projects that demonstrate increased adaptive capacity of women and men to respond to the impacts of climate change</li> <li>• Number of projects that contain strategies and specific budgets to leverage co-benefits between gender equality and climate action</li> <li>• Projects with resilient infrastructure measures in place to prevent economic losses and mitigate gender-related risks</li> <li>• Number of projects that have undertaken a gender audit and strengthened operational systems and made course corrections to mainstream gender</li> <li>• Increase in the number of funding proposals with principal objectives of</li> </ul>			

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		promoting gender equality in climate change	Office of Portfolio Management, Independent Evaluation Unit, Gender Specialist with support from an external agency	2020-2023	USD 300,000 for third-party evaluation
Priority area 5: knowledge generation and communications	Assess the implementation of the Gender Policy and Gender Action Plan	<ul style="list-style-type: none"> <li>• “Stock-taking” report posted on the website</li> <li>• Communications and dissemination strategy that address gender issues developed</li> <li>• Communication materials developed and disseminated to internal and external stakeholders</li> <li>• Public outreach activities undertaken at the national and grassroots level</li> <li>• Multimedia campaign on gender equality and climate change launched at the country level</li> </ul>	Board, Gender Specialist, Communications Unit	2020–2023	USD 300,000
Total					USD 805,000

*Abbreviations:* NDA = national designated authority, AE = accredited entity.

**DECISION B.23/09: Further work on an updated Gender Policy and an updated Gender Action Plan**

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.

**DECISION B.22/17: Continued consideration of Updated Gender Policy and action plan**

The Board, having considered document GCF/B.22/06 titled “Updated Gender Policy and Action Plan 2019–2021”:

Decides to continue the consideration of the Updated Gender Policy and Action Plan 2019–2021 with a view that it will be presented for the consideration and approval of the Board at its next meeting.

**DECISION B.BM-2016/12: Terms of Reference for updating the GCF Gender Policy and Action Plan**

The Board, having reviewed document GCF/BM-2016/07 titled “Updating the Green Climate Fund’s Gender Policy and Action Plan”,

- (a) Approves the terms of reference for the update of the Fund’s Gender Policy and Action Plan, as contained in Annex I of this document.

Annex I: Terms of Reference for updating of GCF’s Gender Policy and Action Plan

**I. Background**

2. During the 9<sup>th</sup> meeting of the Board, (decision B.09/11), the Board requested the Secretariat’s Gender and Social Specialist to conduct a review of the gender policy and action plan, in consultation with civil society organizations accredited with the Fund, and to submit an updated version of both by the twelfth meeting of the Board.

**II. Scope of Green Climate Fund’s Gender Policy Review**

3. These terms of reference are for the review of Green Climate Fund’s (‘the Fund’) Gender Policy and Action Plan, which came into effect in March 2015. The review will address the implementation and integration of the Gender Policy and Action Plan in the full range of GCF functions and activities. Given that the GCF is still in the early stages of operationalization, the review will mainly concern the policy, process and staffing and not its implementation, results and impact. The policy will also be assessed and updated by taking into account the experience gathered by similar funds, so as to build on lessons learned by these funds.

4. The Gender Policy and Action Plan sets out the framework for the continued mainstreaming of gender into the Fund’s operational processes and programs. It aims to contribute to reducing gender disparities and addressing gender concerns in projects financed by the Fund. Specifically, its objectives are to:

- (a) Achieve greater, more effective, sustainable, and equitable climate change results.
- (b) Build equally women and men’s resilience to & ability to address climate change.

- (c) Address and mitigate against potential risks for women and men in projects.
- (d) Help reduce the gender gap of climate change-exacerbated social, economic and environmental vulnerabilities.

### III. Objectives and Uses of the Review

- 5. The review serves the objectives of accountability, learning and gender mainstreaming as follows:
  - (a) **Accountability:** The review will assess and report on the quality and results of the Gender Policy and its associated action plan including activities and processes related to their development, implementation, and reporting. A management response to the recommendations of the review will be prepared and pursuant actions will be tracked overtime.
  - (b) **Learning:** The review will determine the reasons why certain changes did or did not occur to draw lessons, derive good practices and pointers for internal and external learning. Findings will be actively disseminated internally and externally and will form the basis for updates on the Gender Policy and Action Plan to be submitted to the Board at its 15th meeting.
  - (c) **Engendering climate change:** The review will assist in the update of the Gender Policy and Action Plan and will help to ensure the principles of gender mainstreaming are integrated into the GCF and in the delivery of climate-change results in projects financed by the GCF.

### IV. Key Review Questions

- 6. The review will address the following four key questions:

- (a) Question 1: What is the quality of the policy?

The review will assess whether the policy sets out clear objectives and organizational arrangements to promote gender equality and women's empowerment, reflects good practice and is coherent with other relevant corporate policies/frameworks (for example, recruitment policy, environment and social safeguards framework). The following sub – questions will be assessed:

- Has the gender policy/gender strategy guided the GCF in both institutional and programmatic operations? If so, how has the policy guided the GCF in institutional and programmatic operations?
- Do the templates used for the accreditation process, funding proposals or agreements concerning funds, readiness, project preparation support, and monitoring and evaluation include clause(s) related to gender equity? If yes, how have these clauses in the templates guided accreditation, readiness, project preparation, monitoring and evaluation and program development work?
- To what extent has there been management support for gender mainstreaming strategies?
- Is there a gender focal point (GFP)/gender adviser in the Fund?
- Does the GFP have sufficient expertise (knowledge, skills and attitude) and resources (budget) to support gender mainstreaming? If yes, what additionality does the GFP bring to the GCF in terms of gender-informed knowledge, skills and attitude?
- Does the GFP have a clear mandate and Terms of Reference? If yes, what is the type of mandate and Terms of Reference that enables the GFP to promote gender equality within the institution and across AEs? If no, then what is the mandate and Terms of Reference that will be required to strengthen gender equality across institutional and programmatic lines?
- Does the GFP have sufficient authority to influence change in the GCF at the senior management team level? Are there other champions on gender in the Fund that work together with and support the GFP? If yes, what have been some of the primary roles performed by these champions in furthering gender equality?

- (b) Question 2: How has the policy been implemented in design of projects so far?

The review will look at how the policy has been used at the preparation and appraisal stage of projects, and whether its principles were successfully incorporated in projects that were submitted to the Board, namely project activities, fiduciary arrangement, institutional arrangements, monitoring and evaluation system, and reporting and learning. The type of sub – questions that will be assessed are:

- Are there planned project activities by the accredited entities (AE) specifically targeted towards gender equity and women's empowerment?
- Have AEs used gender analytical tools in their project design and appraisal process? If so, what type of tools are used by AEs to analyze gender related issues at the project design stage? • Are sex-disaggregated data collected and gender analysis used systematically in planning by the AEs?

- Do monitoring and reporting systems developed by AEs include outcome-oriented gender indicators? If so, what type of gender indicators are generally used by the AEs in their monitoring and reporting systems?
- Are there gender resources (tools, case studies, training materials, policy documents) readily available on and off line for use within the GCF and implementing AEs? If so, to what extent have these resources helped to guide gender-informed capacity and program development work at the GCF and implementing AEs?
- What strategies, if any, have been put in place for GCF to invest in the production of gender-focused case studies?

(c) Question 3: How has the policy been implemented in GCF stakeholder dialogue so far?

The review will look at how the policy has been used to support the policy development of country partners, communication, dissemination, and the outreach to National Designated Authorities (NDA), Focal Points (FP), delivery partners, Accredited Entities (AE) and other partners of the GCF. The sub-questions that will be addressed are:

- Is the GCF's gender policy in line with national policies and does it take into account few of the sensitive socio-economic and cultural factors that might exist in several countries? If not, what implications/challenges do NDAs/FPs/AEs face in implementing the GCF's gender policy? • How can the policy be flexible enough to give consideration to these national circumstances?
- Can the NDAs/FPs/AEs regularly collect and report on the information requested of them? If so, what type of reports can be generated by them?
- To what extent has the GCF policy on gender been effective in guiding AEs to develop their own gender policy?
- What type of outreach strategies can the GCF put in place to ensure that key messages of the gender policy is effectively disseminated to NDAs/FPs/AEs/delivery partners?
- What other communication strategies can the GCF put in place to ensure that NDAs/FPs/AEs are adequately informed of gender-related priorities and work of the Fund?

(d) Question 4: What amendments should be made to the Gender Policy and Action Plan?

The review will endeavour to identify limitations in the policy, if any, and accordingly suggest amendments to the policy wherever necessary. It is to be noted here that amendments to the policy will also be informed by the responses and analysis drawn from the first three questions. The following key issues/questions that will be assessed as part of this amendment exercise are: the introduction to the Gender Policy and Action Plan mentions striving for gender and regional balance; however, there appears to be no further information in the policy as to what qualifies as 'striving' and how you would determine success. Therefore, this review will assess what qualifies as 'striving' and how it would determine success. Additionally, the following sub - questions will be assessed:

- What is the scope for the Gender Policy and Action Plan to integrate a greater gender perspective at the institutional and operations level (for example, by making it mandatory to develop project level gender action plans, introduction of gender audits, by recruiting staff with dual expertise, i.e. gender and climate change etc.)?
- What are some policy mandates the GCF can develop to ensure that women's participation and leadership roles are enhanced at the time of implementation?
- What are some standards the policy can adopt to ensure that gender is mainstreamed more strongly at the institution and programmatic level?
- When should the review of the Gender Policy and Action Plan take place and how it should take place?

### V. Methodology

7. The assessment will start with a desk-review of the Gender Policy and how it has been adopted at the project preparation, appraisal and implementation stage. An introductory briefing meeting will be held with all staff, a consultation process will be established with civil society organizations (CSOs) and Board members, followed by in-depth interviews with Board members, program staff, select NDAs, FPs, delivery partners, AEs and CSOs around key issues identified in the desk review. This will be followed by focus group discussions with different stakeholders, drafting of the report (including updating the Fund's Gender Policy and Action Plan) and debriefing to the Fund's Board.

Table 1. Key Tasks and Deliverables

Key Tasks	Deliverables	By When
Desk review of the gender policy	Review undertaken by the consultant in	August 2016

<b>Key Tasks</b>	<b>Deliverables</b>	<b>By When</b>
and development of indicators for the assessment	discussion with the senior management team and with support from the Gender and Social Specialist, GCF	
Introductory meeting with all staff and call for inputs from various stakeholders (CSOs, Board members, staff, select NDAs, FPs, delivery partners, AEs)	Staff participate proactively in meeting on the Fund's gender policy	August 2016
	Inputs provided by CSOs, Board members, staff, select NDAs, FPs, delivery partners, AEs	September 2016
In – depth interviews with select stakeholders	Meetings/interviews held with Board members, program staff and select NDAs, FPs, delivery partners, AEs on the gender policy and its contribution to gender equality in the design of projects submitted to GCF	October 2016
Report preparation	Draft report prepared and shared with the Board	October 2016
Presentation to the Board and report finalization	Report finalized following comments received from the Board and gender policy and action plan updated	December 2016

**5.1.2 Users**

8. Internally, the Senior Management Team and Gender and Social Specialist are expected to use the review findings in decision-making and on the implementation of the updated gender policy and action plan.

**5.1.3 Human Resources**

9. A consultant with 10 years' experience of working on gender equality in the area of climate change will be hired for this task. S/he should demonstrate strong experience in gender – based policy development at the institutional as well as program/project level. Familiarity with climate and development projects and programming is desirable. The consultant will be aided in the task by GCF's Gender and Social Specialist. Guidance, wherever necessary, will be provided by the Director, Country Programming.

**DECISION B.12/16: Review of GCF Gender Policy and Gender Action Plan**

The Board,

- (a) Decides to review the gender policy and gender action plan at its fifteenth meeting, which will be held in December 2016; and
- (b) Requests the Secretariat to provide the draft terms of reference of the review for consideration by the Board at its thirteenth meeting.

**DECISION B.09/11: Adoption of the GCF Gender Policy and Action Plan**

The Board, having considered document GCF/B.09/10 Gender Policy and Action Plan:

- (a) Adopts the gender policy proposed in Annex XIII, acknowledging the progress made in advancing gender balance and gender equality within the context of climate change policies and in line with individual country circumstances, when applying said policy;
- (b) Also adopts the gender action plan as contained in Annex XIV;
- (c) Requests the Secretariat to take the necessary measures in order to expedite the implementation of the policy and action plan; and
- (d) Also requests the Secretariat's Gender and Social Development Specialist to conduct a review of the gender policy and action plan, in consultation with the civil society organizations accredited with the Fund, and to submit an updated version of both by the twelfth meeting of the Board. Members of the Board are invited to submit their comments or additional proposals regarding the current policy and action plan by the tenth meeting of the Board.

(Note: The Gender Policy and Action Plan contained in Annexes XIII and XIV of Decision B.09/11 have been updated by Decision B.24/12 which could be found at the following link: \*DECISION B.24/12: Adoption of the Updated Gender Policy and Gender Action Plan of the GCF 2020-2023 )

### **DECISION B.06/07: Gender Policy and Action Plan**

The Board, having considered document GCF/B.06/13 Options for a Fund-wide Gender-sensitive Approach:

- (a) Requests the Secretariat to integrate gender considerations in the preparation of draft policy documents and draft documents containing operational modalities, in line with the Governing Instrument, including those documents for consideration by the Board at its seventh meeting;
- (b) Requests the Secretariat to prepare a draft gender policy and action plan for discussion at the seventh Board meeting, consistent with a country-driven approach, including through consultations with relevant bodies and observer organizations, for adoption at the eighth Board meeting.

### **DECISION B.05/22: Development of a Gender Sensitive Approach for the GCF**

The Board:

- (a) Reaffirms taking a gender-sensitive approach as outlined in the Governing Instrument;
- (b) Decides to consider, at its first meeting in 2014, a gender-sensitive approach to the Fund's objectives and operational policies;
- (c) Requests the Secretariat to present for consideration by the Board, at its first meeting in 2014, including through consultations with relevant bodies and observer organizations, a working document setting out the options for a Fund-wide gender-sensitive approach.

## **INDIGENOUS PEOPLES POLICY**

### **\*DECISION B.19/11: Adoption of Indigenous Peoples Policy**

The Board, having considered document GCF/B.19/05 titled "GCF Indigenous Peoples Policy":

Adopts the Indigenous Peoples Policy as presented in annex XI to this document.

#### Annex XI: Indigenous Peoples Policy

##### **I. Introduction and rationale**

1. Indigenous peoples are unique and a distinct stakeholder of the GCF. The rights of indigenous peoples are affirmed by international human rights instruments, including binding treaties and the United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP). Indigenous peoples have invaluable and critical contributions to make to climate change mitigation and adaptation. Yet they are also facing serious threats to the realization of their rights from climate change actions.

2. The importance of engaging with indigenous peoples in climate change policies and actions has been recognized by the Conference of the Parties (COP) to the United Nations Framework Convention on Climate Change (UNFCCC), including in the Cancun Agreement (decision 1/CP.16). The preamble of the Paris Agreement also acknowledges that Parties should, when taking action to address climate change, respect, promote and consider their respective obligations on, inter alia, the rights of indigenous people. The COP decision adopting the Paris Agreement (decision 1/CP.21) recognized the need to strengthen practices and efforts of local communities and indigenous peoples related to addressing and responding to climate change and operationalized the local communities and indigenous peoples platform to help do this. The COP has further requested GCF consider a recommendation "to enhance [its] consideration of local, indigenous and traditional knowledge and practices and their integration into adaptation planning and practices, as well as procedures for monitoring, evaluation and reporting."

3. This GCF Indigenous Peoples Policy (hereafter Policy) recognizes that indigenous peoples often have identities and aspirations that are distinct from mainstream groups in national societies and are disadvantaged by traditional models of mitigation, adaptation and development. In many instances, they are among the most economically marginalized and vulnerable segments of the population. The economic, social and legal status of indigenous peoples frequently limit their capacity to defend their rights to, and interests in, land, territories and natural and cultural resources, and may restrict their ability to participate in and benefit from development initiatives and climate change actions. In many cases, they do not receive equitable access to project benefits, or benefits are not devised or delivered in a form that is culturally appropriate, and they are not always adequately consulted about the design or implementation of activities that would profoundly affect their lives or communities.

4. The Governing Instrument for the GCF, as well as other policies such as the interim environmental and social safeguards (ESS) and the draft environmental and social management standard (ESMS), reflect the importance of fully and effectively engaging with indigenous peoples in the design, development and implementation of the strategies and activities to be financed by GCF, while respecting their rights.

5. At the fifteenth meeting of the Board (B.15), in decision B.15/01, the Board requested the Secretariat to develop a Fund-wide Indigenous Peoples Policy.

6. This Policy will assist GCF in incorporating considerations related to indigenous peoples into its decision-making while working towards the goals of climate change mitigation and adaptation. The Policy allows GCF to anticipate and avoid any adverse impacts its activities may have on indigenous peoples' rights, interests and well-being, and when avoidance is not possible to minimize, mitigate and/or compensate appropriately and equitably for such impacts, in a consistent way and to improve outcomes over time. These elements of the Policy will be integrated with other business processes and governance frameworks, particularly the ESMS, and will be utilized across the organization of GCF. The Policy will evolve and continue to mature as GCF operations develop.

7. In developing this Policy, GCF has been guided, as relevant, by principles set forth in: UNDRIP; International Labour Organization (ILO) Convention 169 and the International Covenant on Economic, Social and Cultural Rights; the International Convention on the Elimination of All Forms of Racial Discrimination; the outcome document of the high-level plenary meeting of the United Nations General Assembly, known as the World Conference on Indigenous Peoples; and the International Covenant on Civil and Political Rights.

8. This Policy has been developed with the participation and support of a wide range of indigenous peoples organizations.

## II. Definitions

9. The following definitions shall apply in this Policy:

- (a) **"Accountability units"** means the Independent Evaluation Unit, the Independent Integrity Unit and the independent Redress Mechanism of GCF;
- (b) **"Board"** means the Board of GCF, established pursuant to the provisions of the Governing Instrument;
- (c) **"Collective attachment"** means that for generations there has been a physical presence in and economic ties to land and territories traditionally owned, or customarily used or occupied, by the group concerned, including areas that hold special significance for the group, such as sacred sites;
- (d) **"Cultural heritage"** is defined as resources with which people identify as a reflection and expression of their constantly evolving values, beliefs, knowledge and traditions;
- (e) **"Disadvantaged or vulnerable"** refers to those who may be more likely to be adversely affected by the project impacts and/or more limited than others in their ability to take advantage of a project's benefits. Such an individual/group is also more likely to be excluded from/unable to participate fully in the mainstream consultation process and as such may require specific measures and/or assistance to do so. This will take into account considerations relating to age, including the elderly and minors, and circumstances where they may be separated from their family, the community or other individuals upon which they depend;
- (f) **"Environmental and social assessments"** refers to the assessment of environmental and social risks, impacts and opportunities undertaken by the accredited entities in a manner that follows good international industry practices, identifies best alternatives and allows for an integrated and balanced view of the environmental and social risks and impacts pursuant to the GCF ESS standards and requirements of the accredited entities;
- (g) **"ESS standards"** refers to the environmental and social safeguards (ESS) standards of GCF and the interim ESS standards of the GCF, which pertain to the International Finance Corporation's Performance Standards and were adopted by the Board;
- (h) **"Secretariat"** means the Secretariat of the GCF established pursuant to paragraph 19 of the Governing Instrument;
- (i) **"Indigenous peoples plan (IPP)"** outlines the actions to minimize and/or compensate for the adverse impacts and identify opportunities and actions to enhance the positive impacts of a project for indigenous

peoples in a culturally appropriate manner. Depending on local circumstances, a free-standing IPP may be prepared or it may be a component of a broader community development plan;

- (j) **“Involuntary resettlement”** means physical displacement (relocation, loss of residential land or loss of shelter), economic displacement (loss of land, assets or access to assets, including those that lead to loss of income sources or other means of livelihood), or both, caused by project-related land acquisition or restrictions on land use;
- (k) **“Land acquisition”** refers to all methods of obtaining land for project purposes, which may include outright purchase, expropriation of property and acquisition of access rights, such as easements or rights of way;
- (l) **“Livelihood”** refers to the full range of means that individuals, families, and communities utilize to make a living, such as wage-based income, agriculture, fishing, foraging, other natural resource-based livelihoods, petty trade, and bartering;
- (m) **“Meaningful consultation”** refers to a two-way process, that: (a) begins early in the project planning process to gather initial views on the project proposal and inform project design; (b) encourages stakeholder feedback, particularly as a way of informing project design and engagement by stakeholders in the identification and mitigation of environmental and social risks and impacts; (c) continues on an ongoing basis, as risks and impacts arise; (d) is based on the prior disclosure and dissemination of relevant, transparent, objective, meaningful and easily accessible information in a timeframe that enables meaningful consultations with stakeholders in a culturally appropriate format, in relevant local language(s) and is understandable to stakeholders; (e) considers and responds to feedback; (f) supports active and inclusive engagement with project-affected parties; (g) is free of external manipulation, interference, coercion, discrimination, and intimidation; and (h) is documented and disclosed.
- (n) **“Mitigation hierarchy”**, as described in the ESS standards of GCF, sets prioritized steps for limiting adverse impacts through avoidance, minimization, restoration and compensation as well as opportunities for culturally appropriate and sustainable development benefits;
- (o) **“Representatives”** refer to village heads, clan heads, community and religious leaders, local government representatives, civil society representatives, politicians or teachers; and
- (p) **“Stakeholder engagement process or plan”** describes a project’s strategy and program for engaging with stakeholders in a culturally appropriate manner, ensuring the timely provision of relevant and understandable information, and creating a process that provides opportunities for stakeholders to express their views and concerns, and allows the entities to consider and respond to them.

### III. Policy objectives

10. The overall objective of this Policy is to provide a structure for ensuring that activities of GCF are developed and implemented in such a way that fosters full respect, promotion, and safeguarding of indigenous peoples so that they (a) benefit from GCF activities and projects in a culturally appropriate manner; and (b) do not suffer harm or adverse effects from the design and implementation of GCF-financed activities. The Policy will allow GCF to promote its approach in a consistent way and improve outcomes over time.

11. The specific objectives of this Policy are as follows:

- (a) To support and promote the welfare, positive contributions and leadership of indigenous peoples to climate change mitigation and adaptation, based on their traditional knowledge systems, livelihoods, sustainable resource management systems and practices, in a manner that is accessible, rights-based, gender-responsive, culturally appropriate and inclusive;
- (b) To enable the critical role of indigenous peoples in assisting GCF to ensure more effective, sustainable and equitable climate change results, outcomes and impacts and to enable them to be active leaders and participants in the process;
- (c) To enable indigenous peoples present in, or with collective attachment to, the areas where GCF-financed activities are implemented (or activities proposed for GCF-financing will be implemented) to be fully informed and consulted about, and have opportunities to actively participate in, project design and the determination of project implementation arrangements;
- (d) To provide a framework for GCF to anticipate and avoid any adverse impacts of its activities on indigenous peoples’ rights, interests and well-being, and when avoidance is not possible to minimize, mitigate and/or compensate appropriately and equitably for such impacts;
- (e) To pay particular attention to the different challenges faced by women and girls and other groups within indigenous communities, and to promote the participation and leadership of women in GCF activities, given their role as traditional knowledge holders and custodians of cultural and spiritual heritage and values;
- (f) To enable and further realize full respect for the rights, dignity, aspirations, identity, culture, lifestyle, autonomy, protagonism, and natural resource-based livelihoods of indigenous peoples and territory management in the whole spectrum of activities and initiatives of GCF, and follow the principle in paragraph

22(c) of this Policy and the applicable international and regional instruments, where appropriate, such as ILO Convention 169 and UNDRIP;

- (g) To promote and respect indigenous peoples' rights to own, use, develop and control the lands, territories, and resources that they possess by reason of traditional ownership or other traditional occupation or use, as well as those that they have otherwise acquired;
- (h) To recognize, respect and preserve the culture, knowledge and practices of indigenous peoples, and to provide them with an opportunity to adapt to changing conditions in a manner and in a timeframe acceptable to them;
- (i) To foster full respect of as well as promote and preserve indigenous peoples' cultural and spiritual heritage and values, traditional knowledge, natural and economic resource management systems and practices, occupations and livelihoods, customary institutions and overall well-being;
- (j) To recognize and effectively apply the principle of free, prior and informed consent, as described in this Policy;
- (k) To establish and maintain continuing engagement based on fully informed consultation and effective participation of the indigenous peoples – including indigenous women, youth and elders – affected by GCF-financed activities throughout the implementation of the activities;
- (l) To ensure that all grievance mechanisms associated with GCF activities are effective in addressing issues raised by indigenous peoples and are accessible, fair, transparent and culturally appropriate; and
- (m) To recognize and operationalize indigenous peoples' equitable access to the benefits of GCF-funded activities.

#### **IV. Scope of application**

12. This Policy will apply to all GCF-financed activities and to both public and private sector entities. This Policy will also apply to approved GCF-financed activities to the extent reasonably possible. The activities supported by GCF include programmes, projects and subprojects; the financial instruments vary and may include grants, concessional loans, guarantees and equity investments.

13. This Policy will apply to indigenous peoples as characterized in the following paragraphs.

14. In this Policy, the term indigenous peoples is used in a generic sense to refer to a distinct social and cultural group possessing the following characteristics in varying degrees:

- (a) Self-identification as members of a distinct indigenous social and cultural group and recognition of this identity by others;
- (b) Collective attachment to geographically distinct habitats, ancestral territories, or areas of seasonal use or occupation as well as to the natural resources in these areas;
- (c) Customary cultural, economic, social, or political systems that are distinct or separate from those of the mainstream society or culture; and
- (d) A distinct language or dialect, often different from the official language or languages of the country or region in which they reside. This includes a language or dialect that has existed but does not exist now due to impacts that have made it difficult for a community or group to maintain a distinct language or dialect.

15. GCF will take into account commonly accepted and applied criteria for identifying indigenous peoples, respecting self-identification as indigenous or tribal as a fundamental criterion for determining the application of this Policy.

16. In some countries, such groups are referred to as indigenous peoples. In other countries, they may be referred to by other terms, such as "indigenous peoples and local communities", "local communities", "sub-Saharan African historically underserved traditional local communities", "indigenous ethnic minorities", "Afro-descendent communities of South America and the Caribbean", "ethnic groups", "aboriginals", "hill tribes", "vulnerable and marginalized groups", "minority nationalities", "scheduled tribes", "first nations", "tribal groups", "pastoralists", "hunter-gatherers", "nomadic groups" or "forest dwellers". Regardless of which terminology is used, the requirements of this Policy will apply to all such groups.

17. This Policy applies whenever indigenous peoples are present in, have, or had a collective attachment or right to areas where GCF-financed activities will be implemented. This includes indigenous peoples who, during the lifetime of members of the community or group, have lost collective attachment to distinct habitats or ancestral territories in the project area because of forced severance, conflict, government resettlement programs, dispossession of their land, natural disasters, or incorporation of such territories into an urban area.<sup>1</sup>

18. This Policy applies regardless of whether indigenous peoples are affected positively or negatively, and regardless of the significance of any such impacts.

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<sup>1</sup> Care must be taken in application of this ESS standard in urban areas. Generally, it does not apply to individuals or small groups migrating to urban areas in search of economic opportunity. It may apply, however, where indigenous peoples have established distinct communities in or near urban areas but still possess the characteristics stated in paragraph 13.

19. The application of this Policy will not be limited by the absence of legal recognition or identification of indigenous peoples by a state. It will also not be limited by the legal status of titling of indigenous lands, resources and territories.

20. This Policy also applies irrespective of the presence or absence of discernible economic, political or social vulnerabilities, although the nature and extent of vulnerability will be a key variable in designing plans to promote equitable access to benefits or to mitigate adverse impacts.

### V. Guiding principles

21. The guiding principles of the existing and proposed policies of GCF will apply to this Policy.

22. In addition, the guiding principles for this Policy will include:

- (a) **Develop and implement free, prior and informed consent.** GCF will ensure and require evidence of the effective consultation and application of free, prior and informed consent through appropriate procedures and in particular through their representative institutions whenever consideration is being given to GCF-financed activities that will affect indigenous peoples' lands, territories, resources, livelihoods and cultures or require their relocation as described in section 7.2;
- (b) **Respect and enhance the rights of indigenous peoples to their lands, territories and resources.** All GCF activities will fully respect and support indigenous peoples' rights related to land, territories and resources, and rights related to cultural and spiritual heritage and values, traditional knowledge, resource management systems and practices, occupations and livelihoods, customary institutions, and overall well-being;
- (c) **Recognize key international human rights and principles.** All GCF activities will respect the principles set forth in UNDRIP and other relevant international and regional instruments relating to the rights of indigenous peoples and individuals, including, where applicable but not limited to, ILO Convention No. 169, the International Covenant on Economic, Social and Cultural Rights, and the International Convention on the Elimination of All Forms of Racial Discrimination;
- (d) **Respect the right of indigenous peoples under voluntary isolation.** GCF will respect the prerogative of indigenous peoples living in voluntary isolation, or remote groups with limited external contact, also known as peoples "in voluntary isolation", "isolated peoples" or "in initial contact", to remain isolated and to live freely according to their culture. Activities that may affect these peoples, their lands and territories, or their ways of life will include the appropriate measures to recognize, respect and protect their lands and territories, environment, health and culture, and to avoid contact with them as a consequence of the activity;
- (e) **Respect and recognize traditional knowledge and livelihood systems.** GCF recognizes, respects and values indigenous peoples' cultural heritage as well as traditional knowledge held by indigenous peoples and the indigenous ways of ownership and knowledge transmission, and will promote the participation and leadership of traditional knowledge holders in GCF-financed activities;
- (f) **Enhance the capacity for indigenous peoples issues within GCF.** GCF will develop its advisory and decision-making capacities to understand and properly address indigenous peoples' issues and rights, including developing the capacity of Board members and Secretariat management and staff;
- (g) **Facilitate access to GCF resources for indigenous peoples.** GCF will encourage national designated authorities and accredited entities to engage with and be inclusive of indigenous peoples. GCF may consider taking actions to better meet the needs and priorities of indigenous peoples to support their initiatives and efforts for climate change mitigation and adaptation actions; and
- (h) **Respecting the system of self-government.** GCF should promote respect for the right of indigenous communities to freely pursue their economic, social and cultural development and their right to autonomy or self-government in matters relating to their internal and local affairs, as well as ways and means for financing their autonomous functions.

### VI. Overview of roles and responsibilities

6.1 Overview of GCF roles and responsibilities

23. **Operational guidelines.** GCF is responsible for developing and updating the operational guidelines to accompany this Policy.

24. **Documenting and communicating.** GCF is responsible for documenting and communicating the experience and knowledge acquired from the implementation of this Policy.

25. **Accreditation.** In relation to the accreditation of entities, GCF is responsible for determining the capacity of the entities to implement this Policy. Where capacities exist, GCF will assess the consistency of the system and approach used by the entities and intermediaries with this Policy. As necessary, GCF will collaborate with the entities on measures to improve their capacities, including the deployment of available support and assistance.

26. **Managing risks throughout the project cycle.** Within the parameters of GCF-financed activities, GCF is responsible for:

- (a) Requiring the accredited entities to implement management system consistent with this Policy, thereby providing for free, prior and informed consent and a systematic, consistent and transparent management of risks and impacts from GCF-financed activities. Where gaps or weaknesses exist, GCF will require that these are addressed by the accredited entities in a manner and time amenable to GCF and the accredited entities so that an effective system is in place before GCF-financed activities are implemented;
- (b) Requiring and ensuring that appropriate screening and categorization processes within the accredited entity systems are conducted;
- (c) Conducting due diligence on activities proposed for funding consideration, and recommending to the Board for financing only those proposed activities with free, prior and informed consent and satisfactory approaches to managing risks and impacts, consistent with this Policy;
- (d) Requiring that risk and impact assessments for activities are adequate and provide sufficient information to assess whether free, prior and informed consent has been properly provided and whether GCF should consider funding the activities and should determine suitable avoidance, mitigation or compensation measures in those cases where proceeding with funding consideration is appropriate. Where gaps or weaknesses exist in the assessment, GCF will require that they are addressed;
- (e) Requiring that accredited entities implement (which may include the role of an executing entity), monitor and supervise the activity's implementation and compliance with (as an intermediary) this Policy and require that any gaps or weaknesses be addressed;
- (f) Carrying out monitoring, reviewing and reporting functions related to the performance of accredited entities and the supported activities, as may be required consistent with the monitoring and accountability framework; and
- (g) Reviewing proposed operational changes with respect to GCF-financed activities or the accredited entity management systems and requiring additional measures to align this Policy, if necessary.

27. **Information disclosure, stakeholder engagement and grievance redress.** GCF is responsible for:

- (a) Confirming that all information related to free, prior and informed consent and the risks and impacts of activities are appropriately disclosed to meet the requirements of the GCF Information Disclosure Policy and this Policy and working with accredited entities to address any gaps or weaknesses in the disclosure of relevant information;
- (b) Confirming that persons and communities affected or potentially affected by any GCF activity are consulted by the accredited entities or through its executing entities during the design and implementation of the activities and that appropriate grievance and redress mechanisms are established and function and in a way that is complementary to the GCF independent Redress Mechanism and requiring that any gaps or weaknesses be addressed; and
- (c) Ensuring that accredited entities establish activity-specific grievance redress mechanisms and fully implement remedial actions stipulated by the Board on the recommendation of the independent Redress Mechanism in response to complaints received by the independent Redress Mechanism and in accordance with the terms of reference, guidelines and procedures of the independent Redress Mechanism and consistent with the requirements of this Policy.

28. **Compliance.** GCF will require accredited entities to comply with their obligations specified in their accreditation, this Policy and any IPP or Indigenous Peoples Planning Framework (IPPF), applicable state laws and regulations, and obligations of the state directly applicable to the activities under relevant international treaties and agreements. Where the accredited entities fail to comply with these requirements, GCF will work with the accredited entities to develop and implement corrective actions that will bring the activities back into compliance. Where the accredited entities fail to re-establish compliance within a time frame and manner that are mutually agreed upon, GCF may exercise its remedies under its legal agreement with the accredited entities.

29. **Indigenous peoples advisory group.** GCF will support the work of the indigenous peoples advisory group and ensure its recommendations are effectively conveyed to the Board, accredited entities, states and any other relevant organization or person as outlined in paragraphs 81 and 82.

30. **Review of Policy.** GCF is responsible for supporting the periodic review of the implementation of this Policy as outlined in section VIII below.

6.2 Overview of roles and responsibilities of the accredited entities

31. The accredited entities are responsible for:

- (a) In the case of activities proposed for GCF financing:

- (i) Ensuring free, prior and informed consent has been properly sought and meaningful consultation has been undertaken in line with the requirements of this Policy;
  - (ii) Implementing a management system to manage the risks and impacts associated with the activities, including meaningful and inclusive multi-stakeholder consultation and engagement throughout the project cycle with indigenous peoples, taking into account the particular situations of other vulnerable groups and populations (including women, children and people with disabilities), appropriate to its role as an implementing entity (which may include a project execution role), an intermediary entity, or both, maintaining or improving the management system on which its accreditation was approved;
  - (iii) Ensuring that activities proposed for GCF financing are properly screened, assigned appropriate risk categories, and that the risks and impacts are properly and sufficiently assessed;
  - (iv) Cooperating with GCF in its due diligence of the activities proposed for GCF financing;
  - (v) Ensuring that measures to avoid, minimize or mitigate adverse impacts, to compensate for residual impacts, and to provide for restoration are planned and adequately supported in the activities proposed for GCF financing;
  - (vi) Disclosing information on GCF-financed activities and component subprojects pursuant to the GCF Information Disclosure Policy, and developing and implementing ongoing stakeholder engagement, including entity-level and activity-level grievance mechanisms; and
  - (vii) Ensuring that remedial actions stipulated by the Board on the recommendation of the independent Redress Mechanism in response to a complaint from people affected by the activities are respected and promptly implemented.
- (b) In the case of GCF-financed activities:
- (i) Ensuring that free, prior and informed consent, IPPs and IPPFs are implemented, monitored and continuously improved as needed; and
  - (ii) Monitoring and reporting on the progress and performance of GCF-financed activities to GCF and its stakeholders throughout the implementation of the GCF-financed activities, in accordance with this Policy and any IPP and IPPF.

32. The accredited entities will confirm that the measures to implement this Policy, including, as relevant, free, prior and informed consent, meaningful consultation, information disclosure, stakeholder engagement and grievance redress, are incorporated in the agreements with executing entities including tendering documents and contracts.

33. The accredited entities are responsible for compliance with all applicable laws, including the laws, regulations and standards of the state(s) in which the activities are located, and the obligations of the state(s) directly applicable to the activities under relevant international treaties and agreements.

34. Entities that are functioning as financial intermediaries are responsible for managing the risks associated with the supported activities. The intermediaries will review all subprojects and delegated activities to identify where the entities and GCF could be exposed to potential risks and take necessary actions, including the development and operation of management systems to oversee and manage these risks. The accredited entities acting in intermediary functions will require and ensure that all component subprojects and activities meet the requirements of this Policy. The accredited entities will also guarantee that the borrowers, grantees and investees have the adequate management systems, processes and capacity to manage the implementation of this Policy and the impacts of GCF-funded activities and will ensure: that the individual subprojects and delegated activities are properly screened, assessed, and assigned an appropriate risk category; that free, prior and informed consent and meaningful consultation are met and subjected to due diligence and oversight; and that the implementation and outcomes are monitored and reported.

35. The accredited entities will be responsible for ensuring that the communities affected or potentially affected by the activities are properly consulted in a manner that provides them with opportunities to express their views on all aspects of the activity and allows the accredited entities to consider and respond to their concerns. In ensuring the meaningful and effective consultation and participation of the affected communities and vulnerable populations, the accredited entities will align their processes to best practices and standards and will make publicly available the relevant information on the activities according to the requirements of the GCF Information Disclosure Policy and this Policy.

### VII. Requirements

#### 7.1 General

36. A key purpose of this Policy is to ensure that indigenous peoples present in, or with collective attachment to, the areas where GCF-financed activities are implemented (or activities proposed for GCF-financing will be implemented) are fully informed, consulted about, and provided adequate and legitimate opportunities to actively participate in project design and the determination of project implementation arrangements, operation, and decommissioning. Consultations and subsequent project planning and documentation processes will address potential risks and impacts as these may affect indigenous peoples. The scope and scale of consultations, as well as subsequent project planning and documentation processes, will be proportionate to the scope and scale of potential risks and impacts as these may affect indigenous peoples.

37. The accredited entities, in collaboration with potentially affected indigenous peoples and the host government(s), will assess the nature and degree of the expected direct and indirect economic, social, cultural (including cultural heritage) and environmental impacts on indigenous peoples who are present in, or have a collective attachment to, the project area. The accredited entities, with the participation of the potentially affected indigenous peoples and the host government, will prepare a consultation strategy and identify the means by which affected indigenous peoples will participate in the design and implementation of GCF-financed activities as well as share equitably in the benefits.

38. The accredited entities' proposed measures and actions will be developed in collaboration with the potentially affected indigenous peoples and contained in a time-bound plan that is culturally appropriate. Where there are potential impacts on indigenous peoples, accredited entities with indigenous peoples will prepare an IPP or, if specific activities or locations have not yet been determined, an IPPF. The scope and scale of the IPP or IPPF will be proportionate to the potential risks and impacts of the project. The IPPF will include a description of the processes and plans so that specific activities meet the requirements of this Policy and the GCF Environmental and Social Policy and ESS standards, including provisions for the development and implementation of site-specific IPPs that meet the requirements of this Policy. The IPPF and IPP will complement the social assessments of the project and programmes proposed for GCF financing and provide guidance on specific issues related to addressing the needs of the affected indigenous peoples. The format and title of the IPP or IPPF will be adjusted as appropriate to the project or state context and will reflect any alternative terminology for the indigenous peoples.

39. An IPP should include the following elements:

- (a) Baseline information (from independent and participatory environmental and social risks and impacts assessment processes);
- (b) Key findings and analyses of impacts, risks and opportunities;
- (c) Measures to avoid, minimize and mitigate negative impacts, and enhance positive impacts and opportunities;
- (d) Community-based natural resource management;
- (e) Results of consultations (during environmental and social risks and impacts assessment processes), including a list of people and organizations that participated, a timetable, who was responsible for each activity, the free, prior and informed consent, and future engagement plans;
- (f) Gender assessment and action plans;
- (g) Benefit sharing plans;
- (h) Tenure arrangements;
- (i) Grievance redress mechanisms;
- (j) Costs, budgets, timetables, organizational responsibilities; and
- (k) Monitoring, evaluation and reporting.

40. If the accredited entities are acting in an intermediary function, the accredited entities will require and ensure that the executing entity and other intermediaries apply and fulfill the requirements of this Policy. The accredited entity and the executing entity will conduct the necessary due diligence and oversight to ensure that these requirements are fulfilled.

41. Where communities are mixed, or indigenous peoples live in close proximity to different social and ethnic groups, this Policy should be applied for the benefit of both the indigenous peoples and the other group/s living together or in close proximity.

### 7.1.1 Activities designed solely to benefit indigenous peoples

42. Where GCF-financed activities are designed to provide benefits only to indigenous peoples, the accredited entities and executing entities will proactively engage with the relevant indigenous peoples to ensure their ownership, buy-in and participation in the design, implementation, equitable benefit sharing, monitoring and evaluation of GCF-financed activities. The accredited entities will consult with the indigenous peoples as to the cultural appropriateness of proposed services or facilities and will seek to identify and address any economic, social or capacity constraints (including those relating to gender, the elderly, youth and persons with disabilities) that may limit opportunities to benefit from, or participate in, the project.

43. When indigenous peoples are the sole, or constitute the overwhelming majority of, beneficiaries of GCF-financed activities, the elements of the IPP will be included in the overall design and the environmental and social management plans in relation to environmental and social due diligence of the GCF-financed activities. The preparation of a standalone IPP or IPPF will not be necessary.

### 7.1.2 Activities where indigenous peoples are not the sole beneficiaries

44. When indigenous peoples are not the only beneficiaries of the activities proposed for GCF financing, the planning documents and procedures may vary in form and presentation and will meet the requirements of this Policy regardless of form and presentation. The accredited entities will design and implement the GCF-financed activities in a manner that provides affected indigenous peoples with equitable access to project benefits. The concerns or preferences of indigenous peoples will be addressed through meaningful consultation, including a process to seek and obtain their free, prior and informed consent and documentation will summarize the consultation results and describe how indigenous peoples' issues have been addressed in the design of the GCF-financed activities. Arrangements for ongoing consultations during implementation and monitoring will also be described.

45. The accredited entities will prepare a time-bound plan, such as an IPP, setting out the measures or actions proposed. In some circumstances, a broader integrated community development plan will be prepared, addressing all beneficiaries of the GCF-financed activities and incorporating necessary information relating to the affected indigenous peoples. A community development plan may be appropriate in circumstances where other people, in addition to the indigenous peoples, will be affected by the risks and impacts of the GCF-financed activities, where more than one indigenous peoples group is to be included, or where the regional or national scope of a programmatic project incorporates other population groups.

### 7.1.3 Avoidance of adverse impacts

46. Adverse impacts on indigenous peoples will be avoided to the maximum possible extent. Where alternatives have been systematically explored to consider feasible alternative project designs to avoid adverse impacts, and adverse impacts are unavoidable, the accredited entities will minimize and compensate for these impacts in a culturally appropriate manner proportionate to the nature and scale of such impacts and the form and degree of vulnerability of the affected indigenous peoples. The appropriate mitigation measures to minimize impacts and for appropriate compensation will be determined with the full and effective participation of affected indigenous peoples, including indigenous women, youth, the elderly and disabled people.

47. When situations arise in which GCF-financed activities may potentially affect remote groups with limited external contact, also known as peoples "in voluntary isolation", "isolated peoples" or "in initial contact", the accredited entities will take all appropriate measures to recognize, respect and protect their lands and territories, environment, health and culture, as well as measures to avoid all undesired contact with them as a consequence of the GCF-financed activities. The aspects of the GCF-financed activities that would result in such undesired contact will not be processed further.

### 7.1.4 Mitigation and development benefits

48. The accredited entities, with the full and effective participation of the indigenous peoples, will identify measures to mitigate environmental and social risks and impacts in alignment with the mitigation hierarchy as described in the ESS standard of GCF and other relevant policies of GCF that set prioritized steps for limiting adverse impacts through avoidance, minimization, restoration and compensation as well as opportunities for culturally appropriate and sustainable development benefits. The scope of the environmental and social assessments and mitigation will include cultural impacts as well as physical impacts. The accredited entities will ensure the timely delivery of agreed measures to indigenous peoples.

49. The determination, delivery and distribution of compensation and shared benefits to indigenous peoples will take account of the institutions, rules and customs of these indigenous peoples, capacities and gender equality. Eligibility for compensation can either be individually or collectively based, or be a combination of both, to be determined in consultation with affected indigenous peoples. Where compensation occurs on a collective basis, as far as practicable, mechanisms that promote the effective distribution of compensation to all eligible members, or collective use of compensation in a manner that benefits all members of the group, including women, youth, the elderly and persons with disabilities, will be defined and implemented in consultation with affected indigenous peoples.

50. Various factors, including, but not limited to, the nature and context of the GCF-financed activities and the vulnerability of affected indigenous peoples, will determine how affected indigenous peoples will benefit from the activities. Identified opportunities will aim to address the goals and preferences of the affected indigenous peoples, including improving their standard of living and livelihoods in a culturally appropriate manner, recognizing and strengthening the role of women in the project, and fostering the long-term sustainability of the natural resources on which they depend.

### 7.1.5 Meaningful consultation tailored to indigenous peoples

51. To promote the effective design of GCF-financed activities, to build local project support or ownership or buy-in, and to reduce the risk of delays or controversies, the accredited entities will undertake an engagement process with indigenous peoples. This engagement process will commence as soon as is feasible and prior to the commencement of any activities that may affect their rights or interests and will carry on throughout the life of the project. The engagement process will include stakeholder analysis and engagement planning, the disclosure of information, and meaningful consultation in local language(s) and in a culturally appropriate and gender- and inter-generationally inclusive manner in accordance with the customs, norms, and values of the affected people and through their chosen representatives.

52. For indigenous peoples, the process of meaningful consultation will also:

- (a) Involve indigenous peoples' representative bodies and organizations (e.g. councils of elders, village councils, or chieftains) and, where appropriate, other community members, including indigenous women and youth. For GCF-financed activities that have a regional or national scope, it must be carefully evaluated whether meaningful consultation can only be carried out with indigenous peoples organizations or legitimate representatives at the relevant national or regional levels. Meaningful consultations may require that consultations be carried out at a local level in addition to at the regional and national levels. These organizations or representatives will be identified in the stakeholder engagement process described in the GCF ESS standards and other relevant policies of GCF;
- (b) Begin as early as possible in the project design and development process and will provide sufficient time for indigenous peoples' decision-making processes. Internal decision-making processes are generally but not always collective in nature. There may be internal dissent and decisions may be challenged by some in the community. The consultation process will, therefore, allow sufficient time for internal deliberations and decision-making processes to reach conclusions. The consultation process will be free of external manipulation, interference, coercion and intimidation;
- (c) Allow for indigenous peoples' effective and legitimate participation in the design of GCF-financed activities that could potentially affect them either positively or negatively;
- (d) Take into account the interests of community members that are particularly affected and marginalized, especially women, youth, indigenous persons with disabilities and the elderly, including being cognizant of traditional cultural approaches that may exclude segments of the community from the decision-making process. Additionally, spaces should be created to allow for their direct participation in consultation and in the decision-making process; and
- (e) Assess the capacity of the indigenous peoples to engage and consider and implement effective communication and capacity-building programs to enhance the effectiveness of the process with indigenous peoples. This should include the possibility and availability of resources to ensure adequate preparation and participation in the process.

53. The accredited entities and indigenous peoples will agree on appropriate engagement and consultation processes as early as possible, commensurate with the scale of impact and vulnerability of the communities. This will be done through framework documents or plans that identify representatives of indigenous peoples, the agreed consultation process and protocols, the reciprocal responsibilities of parties to the engagement process, and agreed avenues of recourse in the event of an impasse occurring. The entity will document support for the agreed process from the indigenous peoples.

### 7.2 Circumstances requiring free, prior and informed consent

54. The free, prior and informed consent of indigenous peoples will be required in the circumstances identified in this section. There is no universally accepted definition of free, prior and informed consent. For the purposes of this Policy, free, prior and informed consent will have the meaning described in this Policy. Free, prior and informed consent will be an iterative process, requiring indigenous peoples' consent before a proposal for GCF financing is considered by the Board, on the basis of their own independent deliberations and decision-making process, based on adequate information to be provided in a timely manner, in a culturally appropriate manner, in a local language that is understood by them, and through a process of transparent and inclusive consultations, including with women and youth, and free of coercion or intimidation. Free, prior and informed consent does not require unanimity and may be achieved even when individuals or groups within or among affected indigenous peoples explicitly disagree.

55. Accredited entities will:

- (a) Describe how the activities proposed for GCF financing will be consistent with applicable law and obligations of the state directly applicable to the activities under relevant international treaties and agreements, particularly with regard to a transparent and inclusive free, prior and informed consent during project and programme design, implementation, and expected outcomes related to the risks and impacts affecting the communities of indigenous peoples;
- (b) Describe the involvement of indigenous peoples, including women, girls, and youth, in the design and implementation of the GCF-financed activities, and provide detailed outcomes of the consultation process of the indigenous peoples; and
- (c) Provide documented evidence of the mutually accepted process within the GCF-financed activities between the implementing entities and the affected communities, and evidence of an agreement between the parties that was the outcome of the negotiations.

56. As part of the operational guidelines of this Policy, the Secretariat, in consultation with indigenous peoples, will develop and maintain guidance on the application of free, prior and informed consent. This guidance will be developed in a timely manner, and the Secretariat will ensure that it is followed by all relevant parties.

57. Any reference to free, prior and informed consent of indigenous people in GCF (e.g. Board decisions, policies, GCF ESS standards) shall have the meaning described in this Policy.

### **7.2.1 Impacts on lands and natural resources subject to traditional ownership or under customary use or occupation**

58. Where the activities proposed to be financed by GCF may require the establishment of legally recognized rights to lands and territories, the accredited entities, working with the states and the affected indigenous peoples, will prepare a plan to ensure the legal recognition of such property rights in accordance with applicable law and obligations of the state directly applicable to the activities under relevant international treaties and agreements, customs, traditions and land tenure systems of the indigenous peoples.

59. Where the activities proposed to be financed by GCF are located on, or develop natural resources on, land subject to traditional ownership or tenure, including but not limited to collective ownership or under the customary use or occupation of indigenous peoples, and potential adverse impacts, including loss of access to assets or resources, or restrictions on land use, can be expected, the accredited entity will take the following steps and seek the free, prior and informed consent of the indigenous peoples and prepare an indigenous peoples engagement plan and/or IPP:

- (a) Document efforts to avoid and otherwise minimize the area of land subject to traditional ownership, use, or occupation proposed for the activities;
- (b) Document efforts to avoid and otherwise minimize impacts on natural resources subject to traditional ownership, use, or occupation;
- (c) Identify and review all property interests, tenure arrangements and traditional resource usage prior to purchasing, leasing, or, as a last resort, undertaking land acquisition;
- (d) Assess and document indigenous peoples' land and resource use without negatively affecting any indigenous peoples' land claims. The assessment of land and natural resource use will be gender inclusive and specifically consider women's roles in the management and use of these resources;
- (e) Ensure that affected indigenous peoples are informed of and understand: (i) their land rights under applicable law and obligations of the state directly applicable to the activities under relevant international treaties and agreements; (ii) the scope and nature of the activities proposed for GCF-financing; and (iii) the potential impacts of the activities proposed for GCF-financing; and
- (f) Where the activities promote commercial development of their land or natural resources, afford due process and offer compensation together with culturally appropriate sustainable development opportunities to indigenous peoples at least equivalent to that to which any landowner with full legal title to the land would be entitled, including:
  - (i) Providing fair lease arrangements or, where land acquisition is necessary and unavoidable, providing land-based compensation that is comparable to the land acquired from the indigenous peoples or compensation in kind in lieu of cash compensation where feasible. The amount and quality of the compensation will be coordinated with, consulted on and consented to by the indigenous peoples;
  - (ii) Ensuring continued access to natural resources, identifying the equivalent replacement resources, or, as a last option, providing compensation and identifying alternative livelihoods if project development results in the loss of access to or the loss of natural resources independent of project land acquisition;

- (iii) Enabling indigenous peoples to share equitably in the benefits to be derived from the commercial development of the land or natural resources where the entity intends to utilize land or natural resources; and
- (iv) Providing affected indigenous peoples with access, usage and transit on land the GCF-financed activities are developing.

### **7.2.2 Relocation of indigenous peoples from lands and natural resources subject to traditional ownership or under customary use or occupation**

60. GCF will not finance activities that would result in the involuntary resettlement of indigenous peoples except as permitted by paragraph 61. GCF will avoid funding activities that may involve physical displacement (i.e. relocation, including relocation needed as a result of loss of shelter), whether full or partial and permanent or temporary, or economic and occupational displacement (i.e. loss of assets or access to assets that leads to loss of income sources or means of livelihood) as a result of the activities.

61. In exceptional circumstances where resettlement or displacement is unavoidable to achieve the project or programme objective, they will only be permitted if they meet the following criteria: (a) free, prior and informed consent has been obtained as described above; (b) they are authorized by national law; (c) they are carried out in a manner consistent with the obligations of the state directly applicable to the activities under relevant international treaties and agreements; (d) they are reasonable and proportional as determined by GCF and the accredited entity as part of their due diligence; (e) they follow standards of due process consistent with the GCF ESS standards and pursuant to other applicable policies of GCF and the accredited entity, including those related to involuntary resettlement policy requirements; and (f) they are regulated so as to ensure full and fair compensation and rehabilitation as well as right of return, if applicable.

62. The accredited entities will consider, disclose, and present for stakeholder consultation feasible project design alternatives and livelihood restoration measures that may be distinct from the components of the GCF-financed activities and that are designed to avoid the resettlement, relocation or displacement of indigenous peoples from communally held or attached land and natural resources subject to traditional ownership or customary use or occupation.

### **7.2.3. Cultural heritage**

63. Where the activities proposed for GCF financing may potentially impact cultural heritage, which includes but is not limited to natural areas with cultural and/or spiritual value, such as sacred groves, sacred bodies of water and waterways, sacred mountains, sacred trees, sacred rocks, burial grounds and sites, as well as the non-physical expressions of culture, such as traditions, language, identity, ceremonial, or spiritual aspects of the affected indigenous peoples' lives, priority will be given to the avoidance of such impacts. Where significant negative impacts are unavoidable, the accredited entities will obtain the free, prior and informed consent of affected indigenous peoples.

64. Where the activities proposed for GCF financing propose to use the cultural heritage of indigenous peoples for commercial purposes, the accredited entities will inform the affected indigenous peoples in an accessible local language(s), a culturally-appropriate manner, and through a means that ensures understanding of the affected indigenous peoples of (a) their rights under applicable law and obligations of the state directly applicable to the activities under relevant international treaties and agreements; (b) the scope and nature of the proposed commercial development and use; and (c) the potential consequences of such development and use; and that (d) seeks and obtains their free, prior and informed consent. The accredited entities will ensure that the indigenous peoples share equitably in the access to benefits derived from the commercial development of such cultural heritage, consistent with the customs and traditions of the indigenous peoples.

## **7.3 Grievance redress mechanism**

65. Any issue raised in this Policy will be deemed as relevant and thereby considered appropriate for the various grievance redress mechanisms operating as part of GCF.

66. All GCF-financed activities affecting indigenous peoples will establish an effective grievance redress mechanism at the project level to address indigenous peoples' project-related concerns. The mechanism will be designed in consultation with the affected or potentially affected communities of indigenous peoples. The mechanism will facilitate the resolution of grievances promptly through an accessible, fair, transparent and constructive process. It will also be culturally appropriate and readily accessible, at no cost to the affected communities, and without retribution to the individuals, groups, or communities that raised issues or concerns. Where feasible and suitable for the project, the grievance mechanism will utilize existing formal or informal grievance mechanisms, supplemented as needed with project-specific arrangements. The mechanism will not prejudice the access to judicial or administrative remedies that may be available through the state systems, acknowledging that these localized systems may provide more robust information and better reflect the context of the issues on the ground. It will also not impede access to the GCF independent Redress Mechanism or the accredited or executing entities' grievance redress mechanism. The

mechanism will take into account the “effectiveness criteria” for non-judicial grievance mechanisms outlined in Article 31 of the United Nations Guiding Principles on Business and Human Rights in order to maximize effectiveness.

67. The scope, scale and type of grievance redress mechanism required for the project- and programme-level will be proportionate to the nature and scale of the potential risks and impacts of the project or activity. The grievance redress mechanism will include the following:

- (a) Different ways in which indigenous peoples can submit their grievances, and taking into account language barriers/limitations and the need for anonymity if a complainant fears retaliation or submission by an authorized representative or civil society organization;
- (b) Provision to keep complainants’ identities confidential, especially in instances where the complainants fear retaliation;
- (c) Provision for interpretation/translation to overcome language barriers/limitations;
- (d) A log where grievances are registered in writing and maintained as a publicly available database. The database should include information about the complaint and the resolution of the complaint, including the remedy provided, taking into consideration that complainants’ identities can be kept anonymous if requested. This database should also be shared with the GCF independent Redress Mechanism;
- (e) Publicly advertised procedures, identifying the means for submitting grievances, setting out the length of time users can expect to wait for acknowledgment, response, and resolution of their grievances, descriptions of the transparency of the procedures, and the governing and decision-making structures;
- (f) An appeals process to which unsatisfied grievances may be referred when the resolution of grievance has not been achieved;
- (g) Information about other available grievance mechanisms, including the GCF independent Redress Mechanism and the accredited and implementing entities’ grievance mechanisms; and
- (h) Measures in place to protect complainants from retaliation.

68. The project or activity will offer mediation (or similar dispute resolution or problem-solving services) as an option where users are not satisfied with the proposed resolution that may be provided through the dispute resolution or problem-solving mechanism of the accredited entity or the GCF independent Redress Mechanism.

69. This mechanism will consider customary laws, applicable law and obligations of the state directly applicable to the activities under relevant international treaties and agreements, dispute resolution mechanisms, and justice systems of indigenous peoples as appropriate and be able to use independent indigenous experts. The mechanism will not preclude the option to use the accountability mechanisms of GCF and those of the accredited entities and executing entities, ensuring that users are provided with the necessary financial and technical support to access such mechanisms.

70. The GCF independent Redress Mechanism and the Secretariat’s indigenous peoples focal point will be available for assistance at any stage, including before a claim has been made.

71. In the event of complaints being filed with the independent Redress Mechanism, the accredited entities and executing entities, relevant national competent authorities, and any other relevant parties will cooperate with the independent Redress Mechanism, including providing all required information. In addition, the accredited entities and executing entities will promptly implement remedial measures stipulated by the Board on the recommendation of the independent Redress Mechanism pursuant to its guidelines and procedures.

### 7.3 Indigenous peoples and broader planning

72. The accredited entities may include technical or financial support as part of the GCF-financed activities for the preparation of plans, strategies or other activities intended to strengthen consideration and participation of indigenous peoples in the climate change actions that are consistent with the mandate of GCF. This may include a variety of initiatives designed, for example, to (a) strengthen local legislation to establish recognition of customary or traditional land tenure arrangements; (b) address the gender, socio-economic divisions and intergenerational issues that exist among indigenous peoples; (c) protect traditional knowledge through intellectual property rights; (d) strengthen the capacity of indigenous peoples to participate in development planning or programs; (e) strengthen the capacity of government agencies providing services to indigenous peoples; and (f) foster the meaningful inclusion and participation of indigenous women and other marginalized groups, such as persons with disabilities.

73. The national designated authorities and accredited entities may seek support through readiness and preparatory support proposals and funding proposals for various initiatives, including (a) support for the development priorities of indigenous peoples through programs, (such as community-driven development programs) developed by governments in cooperation with indigenous peoples; (b) preparation of participatory profiles of indigenous peoples to document their culture, demographic structure, gender and intergenerational relations and social organization, institutions, production systems, religious beliefs and resource-use patterns; and (c) facilitating partnerships among the government, indigenous peoples organizations, civil society organizations, and the private sector to promote the climate resiliency of indigenous peoples communities.

### VIII. Implementation

#### 8.1 Implementation arrangements

74. This Policy supports the existing policies and practices of GCF, particularly those related to the management of environmental and social risks and impacts, including the application of the GCF ESS standards. The implementation of this Policy will take into consideration the roles and responsibilities for GCF, the Secretariat, states, accredited entities and executing entities, and independent accountability units.

75. This Policy supplements the interim GCF ESS standard on indigenous peoples and its requirements, the GCF Gender Policy and Action Plan, and other GCF policies.

76. If there is any inconsistency between this Policy and other GCF policies with respect to indigenous peoples, this Policy will prevail on the basis that it represents the Policy governing a specific subject matter.

77. Accredited entities will ensure that GCF-financed activities approved by the Board prior to this Policy being adopted by the Board will use best endeavours to meet the requirements of this Policy.

78. The Board will oversee the implementation of this Policy and will review the implementation of this Policy every five years. The Board will regularly monitor its implementation through the review of periodic implementation reports from the Secretariat that take into account the information received from the accredited entities and the independent accountability units and independent observers as outlined in paragraph 106.

79. The Secretariat will undertake a periodic assessment of the implementation of this Policy to support the reviews mentioned in paragraph 105 of this Policy, which will require the collection of baseline data, and to (a) determine how GCF can improve its response to the needs of indigenous peoples; (b) identify the drivers of change to achieve adaptation or mitigation goals; (c) identify and design the specific and culturally appropriate elements to be included in GCF policies and GCF-financed activities; (d) estimate the resources necessary for the implementation of the Policy; (e) select specific output, outcome and impact indicators for indigenous peoples; and (f) design and establish implementation and monitoring arrangements that promote and develop effective participation of indigenous peoples within GCF-financed activities. Accredited entities and executing entities will assist in this assessment. Indigenous peoples and civil society organizations will be invited to participate and assist in this assessment.

80. A Senior Indigenous Peoples Specialist will be appointed to the Secretariat and will be the indigenous peoples focal point with operational responsibility to manage the implementation of this Policy.

81. An indigenous peoples advisory group will be established to enhance coordination between GCF, accredited entities and executing entities, states and indigenous peoples. The key functions of the group will be: (a) to provide advice to the indigenous peoples focal point, national designated authorities, and accredited entities and executing entities on GCF-financed activities affecting indigenous peoples; (b) to review the implementation and monitoring of this Policy, particularly on the appropriate modality to enhance dialogue among indigenous peoples, GCF, states, accredited entities and executing entities, and other experts; and (c) provide guidance and advice to the Board as may be requested.

82. The indigenous peoples advisory group will be made up of four indigenous peoples representatives from the regions of developing states where the GCF may fund activities. The advisory group members will be selected through an indigenous peoples-led, self-selection process for each region and should be gender balanced. The indigenous peoples advisory group will inform the Secretariat of the members of the group and, working together with the Secretariat, develop the terms of reference of the activities and functions of the group.

#### 8.2 Operational guidelines

83. The operational guidelines containing technical and administrative references and tools for implementing this Policy will be developed and maintained by the Secretariat in consultation with accredited entities and executing entities, states, the indigenous peoples advisory group and indigenous peoples.

#### 8.3 Information disclosure

84. This Policy will be made publicly available in accordance with the GCF Information Disclosure Policy.

85. The accredited entities and executing entities will ensure that all disclosed information will be provided in a culturally and socially appropriate manner, including in relevant indigenous languages, to indigenous peoples and their legitimate advisors and will also ensure that indigenous peoples have sufficient time to review and consider the disclosed information. The accredited entities will disclose information in accordance with the requirements of the GCF Information Disclosure Policy and the relevant accreditation master agreement signed between GCF and the accredited entity.

#### 8.4 Stakeholder engagement

86. This Policy will apply to any process and guidance developed by GCF to assist the accredited entities and executing entities in putting in place a process for meaningful consultation with communities and people that are affected by GCF-financed activities or potentially affected by activities proposed for GCF financing.

### 8.5 Accountability

87. Through the accreditation process, and taking into account the fit-for-purpose accreditation approach,<sup>2</sup> accredited entities will be required to ensure compliance with this Policy. They will also be required to have policies, procedures and competencies in place with which to implement this Policy. After accreditation, and at the activity level, the accredited entities, through their own rules, policies and procedures, will be responsible for implementing this Policy as it relates to the GCF-financed activities through in-country project identification and implementation as well as for results reporting.

88. The Secretariat is accountable for the results of this Policy, and as part of its due diligence the Secretariat will ensure that GCF-financed activities are implementing and meeting the requirements of this Policy.

### 8.6 Country ownership and engagement

89. This Policy supplements the best practices for country coordination and multi-stakeholder engagement processes for developing national strategic frameworks and funding proposals<sup>3</sup> and will apply to these and any future engagement processes of GCF.

90. Specifically, this Policy informs national designated authorities and focal points that any consultative process through which national climate change priorities and strategies are defined must also consider applicable national and international policies and laws for indigenous peoples. Furthermore, the criteria and options for country coordination through consultative processes should include indigenous peoples in an appropriate manner.

91. The requirements of this Policy form part of the relevant GCF ESS standards that accredited entities and states need to take into account when developing proposals, as well as ongoing monitoring and evaluation after approval.

### 8.7 Reducing emissions from deforestation and forest degradation (REDD-plus) actions

92. This Policy will apply to GCF-financed activities supporting the REDD-plus actions, including the readiness phase, results-based payments, and any access and financing modalities, guidance, terms of reference, and assessment tools developed by GCF with respect to REDD-plus actions. Consequently, any REDD-plus activities proposed for GCF financing, including results-based payments, will ensure that the requirements of this Policy, in conjunction with other relevant policies and standards of GCF, such as the Paris Agreement and UNFCCC REDD-plus decisions, including the Warsaw Framework for REDD-plus, are addressed, emphasizing that, for the purposes of GCF activities, references to stakeholders include indigenous peoples as defined in this Policy.

### 8.8 Competencies and capacity development

93. GCF will develop the capacity of its stakeholders, including the Secretariat, to understand and properly address indigenous peoples' issues and rights.

94. GCF will also ensure indigenous peoples, or those with expertise in indigenous issues, are included in the independent panels and advisory groups of GCF. The Secretariat will create a roster of indigenous peoples experts to be reviewed and updated in consultation with indigenous peoples and scholarly and policy referees.

95. Indigenous peoples training will be provided for the Secretariat to develop awareness of indigenous peoples issues.

96. GCF will support specific capacity-building programs for indigenous peoples as part of readiness and preparatory support proposals or funding proposals to ensure their full and effective engagement with GCF at all levels. This support will include, at a minimum, activities related to consultation, advocacy, institutional building for project implementation and management, as well as the effective engagement of indigenous peoples in the formulation of project proposals and monitoring and evaluation.

97. The states and accredited entities, particularly the direct access entities, may request readiness and preparatory support from GCF to enhance their capacity to implement this Policy.

### 8.9 Resource allocation

98. GCF will give consideration to activities proposed for GCF financing that are tailored to meet the needs and priorities of indigenous peoples and to support their initiatives and efforts for climate change mitigation and adaptation actions.

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<sup>2</sup> As outlined in decision B.08/02

<sup>3</sup> As outlined in decision B.17/22, annex XX

99. GCF may target funds to support indigenous peoples climate change adaptation and mitigation initiatives if it is necessary to correct for climate change exacerbated indigenous peoples inequality or they are not benefiting from GCF support adequately.

100. As the rationale for this Policy is to promote indigenous peoples engagement, the Board may consider giving additional weight to activities proposed for GCF financing with well-designed components to promote indigenous peoples engagements and benefits.

### 8.10 Knowledge generation and communication

101. GCF commits to generating and sharing knowledge built on the experiences gained from indigenous peoples and climate change and from implementing this Policy. GCF will also commit to capitalize on the knowledge and expertise gained by other organizations. Such knowledge is to be used to strengthen the competencies and capacities of all stakeholders. This will be coherent and complementary to the implementation of paragraph 135 of decision 1/CP.21 of the UNFCCC, specific to strengthening indigenous peoples' and local communities' knowledge systems integral to climate change adaptation and mitigation measures and the implementation of the indigenous peoples and local communities knowledge platform.

102. The Secretariat will document the experience and knowledge that will be acquired from the implementation of this Policy and will seek to identify good practices from states and accredited entities.

103. Communicating the commitment of GCF to indigenous peoples engagement, this Policy, and its operational guidelines, will inform a strategic communications activity and form an integral part of the communications plan of GCF and the responsibility of the Secretariat. Accredited entities will also be required to assist with this activity. It will be important to communicate to the public not only how GCF is implementing this Policy but also to seek periodic feedback from stakeholders and partners on the implementation of this Policy and on possible improvements.

### **IX. Effective date and review**

104. The Policy will become effective upon its approval by the Board.

105. GCF will review and evaluate the overall performance of this Policy based on the objectives of this Policy. Appropriate amendments to this Policy will be considered, based on the results of such review and evaluation, and changes to the Policy will follow the decision-making processes of GCF. The Independent Evaluation Unit will conduct an evaluation of the implementation of the Policy, and that will be included in the review. The consultations will include inputs from indigenous peoples, affected communities and other civil society organizations.

106. A review of the Policy will be undertaken five years after the effective date to assess the effectiveness of GCF in achieving the objectives of this Policy. This review will be supplemented by the assessment developed pursuant to paragraphs 78 and 79, and any other annual and mid-term implementation reviews and reports of GCF.

### **DECISION B.15/01: Development of a fund-wide Indigenous peoples' policy**

The Board, having reviewed document GCF/B.15/02 titled "Report on the activities of the Co-Chairs":

- (a) Requests the Secretariat to prepare for consideration by the Board, at its seventeenth meeting, a fund-wide Indigenous peoples' policy; and
- (b) Invites submissions from the members and alternate members of the Board, and observer organizations in relation to the development of the GCF Indigenous peoples' policy by the sixteenth meeting of the Board.

### **ENVIRONMENTAL AND SOCIAL MANAGEMENT SYSTEM**

#### **DECISION B.23/02 (f) to (i): Updated Workplan of the Board for 2019**

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":

- (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.

(Note: Document GCF/B.23/21/Add.02 mentioned in Decision B.23/02 (f) and (g) could be accessed at the following link: [https://www.greenclimate.fund/documents/20182/1674504/GCF\\_B.23\\_21\\_Add.02\\_-\\_Report\\_on\\_the\\_activities\\_of\\_the\\_Co-Chairs\\_\\_Addendum\\_II\\_Approach\\_to\\_developing\\_the\\_environmental\\_and\\_social\\_safeguards\\_of\\_GCF.pdf/b0ecd7b9-74ab-015e-d8e8-303ff3d413a0](https://www.greenclimate.fund/documents/20182/1674504/GCF_B.23_21_Add.02_-_Report_on_the_activities_of_the_Co-Chairs__Addendum_II_Approach_to_developing_the_environmental_and_social_safeguards_of_GCF.pdf/b0ecd7b9-74ab-015e-d8e8-303ff3d413a0))

### **Decision B.20/08(b): Deadline for disclosure of environmental and social safeguards reports**

- (b) Decides that, without setting a precedent, the deadline for disclosure of environmental and social safeguards reports for category A projects and I-1 programmes to be considered by the Board at its twenty-first meeting of the Board will be kept as per the dates for twenty- first meeting of the Board adopted in decision B.19/22, paragraph (b).

### **\*DECISION B.19/10: Environmental and Social Management System – Adoption of GCF Environmental and Social Policy**

The Board, having considered document GCF/B.19/06 titled “Environmental and social management system: environmental and social policy”:

- (a) Affirms that the GCF Environmental and Social Management System comprises the following elements:
  - (i) The Environmental and Social Policy referred to in paragraph (b) below;
  - (ii) The GCF environmental and social safeguards standards, including the interim environmental and social safeguards standards adopted by the Board pursuant to decision B.07/02, paragraph (c);
  - (iii) The Environmental and Social Management System manual containing the rules and procedures for the implementation of the Environmental and Social Management System referred to in paragraph (d) below;
  - (iv) The guidance and tools, consisting of references and best practices, to guide the implementation of the Environmental and Social Management System referred to in paragraph (d) below;
  - (v) Stakeholder engagement consisting of GCF guidance and related policies promoting multi-stakeholder engagement referred to in paragraph (d) below; and
  - (vi) Related GCF policies and practices relevant to, and complementing and supporting, the Environmental and Social Management System;
- (b) Adopts the GCF Environmental and Social Policy as presented in annex X to this document;
- (c) Requests the Secretariat, taking into account input from stakeholders, to present to the Board the proposed approach to developing the GCF environmental and social safeguards standards for its consideration at its twenty-first meeting; and
- (d) Also requests the Secretariat to develop and publish the Environmental and Social Management System manual and guidance, including guidance related to stakeholder engagement, no later than the twenty-second meeting of the Board.

### Annex X: Environmental and Social Policy

#### **I. Introduction**

1. GCF establishes this overarching Environmental and Social Policy (hereafter policy) that articulates how GCF integrates environmental and social considerations into its decision-making and operations to effectively manage environmental and social risks and impacts and improve outcomes.

#### **II. Definitions**

2. The following definitions shall apply in this policy:

- (a) **“Accredited entity”** means an entity that is accredited by the Board in accordance with the Governing Instrument and relevant Board Decisions. The role of an accredited entity relates to the management and oversight of project implementation, which includes the origination and preparation of a funding proposal, the subsequent management of the necessary stages of the implementation process until its conclusion (project management) on behalf of the provider of funds, and reporting obligations. An accredited entity may also be the executing entity, responsible for the operational implementation and execution of the project;
- (b) **“Activities”**, for the purposes of this policy and unless otherwise specified, refers to programmes, projects and subprojects;
- (c) **“Associated facilities”** are those that are not funded as part of the project, and that would not have been constructed or expanded if the project did not exist and without which the project would not be viable;
- (d) **“Board”** means the board of the GCF established pursuant to the provisions of the Governing Instrument for the GCF;
- (e) **“Cumulative impacts”** result from the incremental impact, on areas or resources used or directly affected by the project, from other existing, planned or reasonably defined developments at the time the risks and impacts are identified;
- (f) **“Disadvantaged or vulnerable”** refers to those who may be more likely to be adversely affected by the project impacts and/or more limited than others in their ability to take advantage of a project’s benefits. Such an individual/group is also more likely to be excluded from/unable to participate fully in the mainstream consultation process and as such may require specific measures and/or assistance to do so;
- (g) **“Due diligence”**, in the context of environmental and social management system, means the process of investigating potential investments to confirm all facts, such as reviewing environmental and social safeguards, audits, assessments, and compliance before consideration of funding or entering into an agreement with another;
- (h) **“Environmental and social assessment”** means the assessment of environmental and social risks, impacts and opportunities including, where appropriate assessment of potential transboundary risks and impacts undertaken by the accredited entities in a manner that follows good international industry practices, identifies best alternatives and allows for an integrated and balanced view of the environmental and social risks and impacts. This type of assessments may include specific impacts assessment, audits, and due diligence studies, among others.;
- (i) **“Environmental and social impact assessment (ESIA)”** refers to a process or tool based on an integrated assessment where the scale and type of potential biophysical and social, including, where appropriate transboundary risks and impacts of projects, programs and/or policy initiatives, are predicted, acknowledged and evaluated. It also involves evaluating alternatives and designing appropriate mitigation, management and monitoring measures to manage the predicted potential impacts;
- (j) **“Environmental and social management frameworks (ESMF)”** describes the roles and responsibilities and the processes to manage environmental and social risks and impacts including, where appropriate transboundary risks and impacts, including screening, preparation, implementation and monitoring of subprojects;
- (k) **“Environmental and social impacts”** refer to any change, potential or actual, to (i) the physical, natural, or cultural environment, and (ii) impacts on surrounding community and workers, resulting from the activities to be supported;
- (l) **“Environmental and social risk”** is a combination of the probability of certain hazard occurrences and the severity of impacts resulting from such an occurrence;
- (m) **“Environmental and social management system (ESMS)”** refers to a set of management processes and procedures that allow an organization to identify, analyse, control and reduce the environmental and social impacts of its activities including transboundary risks and impacts, in a consistent way and to improve performance in this regard over time. For the purposes of this document, “ESMS” refers to the environmental and social management system of GCF. When used in the long form, “environmental and social management system”, it refers to the entities’ management system;

- (n) “**Environmental and social management plan (ESMP)**” refers to a document that contains a list and description of measures that have been identified for avoiding adverse environmental and social impacts, including, where appropriate transboundary risks and impacts, or minimising them to acceptable levels, or to mitigate and compensate them and usually the main output of the ESIA process;
- (o) “**Environmental and social safeguards (ESS)**” refers to a set of standards that specifies the desired outcomes and the specific requirements to achieve these outcomes through means that are appropriate to the nature and scale of the activity and commensurate with the level of environmental and social risks and/or impacts. For the purposes of this policy, “ESS standards” refer to the environmental and social safeguards standards, which is currently the interim ESS standards adopted by GCF until GCF develops its own standards. When used in the long form, “environmental and social safeguards standards”, it refers to the accredited entities’ own standards;
- (p) “**Executing entity**” means any entity, which includes, as the case may be, a developing country that is a party to the Convention, through which GCF proceeds are channelled or used for the purposes of a funded activity or part thereof, and/or any entity that executes, carries out or implements a funded activity, or any part thereof;
- (q) “**Intermediaries**” refers to subnational, national, regional or international public and private entities (financial or non-financial) with accredited capacities for intermediation;
- (r) “**Involuntary resettlement**” means physical displacement (relocation, loss of residential land or loss of shelter), economic displacement (loss of land, assets or access to assets, including those that lead to loss of income sources or other means of livelihood), or both, caused by project-related land acquisition or restrictions on land use. Resettlement is considered involuntary when affected persons or communities do not have the right to refuse land acquisition or restrictions on land use that result in displacement;
- (s) “**Land acquisition**” refers to all methods of obtaining land for project purposes, which may include outright purchase, expropriation of property and acquisition of access rights, such as easements or rights of way;
- (t) “**Mitigation hierarchy**” as described in the ESS standards that set prioritized steps for limiting adverse impacts through avoidance, minimization, restoration and compensation as well as opportunities for culturally appropriate and sustainable development benefits;
- (u) “**Secretariat**” means the Secretariat of the GCF established by the GCF pursuant to paragraph 19 of the Governing Instrument; and
- (v) “**Stakeholders**” refers to individuals or groups, communities, governments who: (a) are affected or likely to be affected by the activities; and (b) may have an interest in the activities (other interested parties). The stakeholders of an activity will vary depending on the details of the activity and may include local communities, national and local authorities, including from neighbouring governments, neighbouring projects, and nongovernmental organizations.

### III. Objectives and scope

#### 3.1 Policy objectives

3. In carrying out its mandate of promoting a paradigm shift towards low-emission and climate-resilient development pathways in the context of sustainable development, GCF will effectively and equitably manage environmental and social risks and impacts, and improve outcomes of all GCF-financed activities. This policy presents the commitments of GCF and articulates the principles and standards to which GCF will hold itself accountable. Through this policy, GCF will require that all GCF-supported activities will commit to:

- (a) Avoid, and where avoidance is impossible, mitigate adverse impacts to people and the environment;
- (b) Enhance equitable access to development benefits; and
- (c) Give due consideration to vulnerable and marginalised populations, groups, and individuals, local communities, indigenous peoples, and other marginalized groups of people and individuals that are affected or potentially affected by GCF-financed activities.

4. The policy articulates the commitments of GCF to sustainable development, elaborates how GCF integrates environmental and social issues into its processes and activities, and sets the roles and responsibilities including the requirements to deliver these commitments. To achieve these, the policy defines how GCF will manage the environmental and social risks and impacts, and how GCF will support the overall sustainability of its operations and investments in line with its obligations under national and international law and other relevant standards. Specifically, the policy aims to:

- (a) Provide the basis for a coherent, consistent and transparent management system founded on the principles of sustainable development for improving performance and outcomes, managing risks and impacts, and enhancing equitable access to benefits in all GCF-financed activities;
- (b) Support the decision-making of GCF, particularly regarding the accreditation of entities, the provision of support, and the design, development, approval, implementation, and review of GCF-financed activities;

- (c) Underpin the development of an ESMS that incorporates a systematic approach to integrating environmental and social performance and risk management into the operations of GCF and those of the accredited entities and other development institutions with which GCF is associated; and
- (d) Define the responsibilities and processes to deliver upon the commitments of GCF.

### 3.2 Scope of application

5. The policy will apply to all GCF-financed activities and to both public and private sector entities. The activities supported by GCF may include programmes, projects and subprojects. The financial instruments may vary and may include grants, concessional loans, guarantees and equity investments. The Environment and Social Policy applies to three engagement areas:

- (a) At the strategic and institutional level, the policy responds to the mandate expressed in the Governing Instrument and links to other operational strategies and policies including internal structures and governance frameworks of GCF;
- (b) At the entities level, the policy sets out the requirements for accredited entities working with GCF to establish and maintain robust, systematic, accountable, inclusive, gender-responsive, participatory and transparent systems to manage risks and impacts from GCF-financed activities, pursuant to this policy and the ESS standards adopted by GCF. These requirements complement the accreditation framework and are considered in the accreditation and reaccreditation processes; and
- (c) At the activity level, the policy establishes the requirements for environmental and social risk assessment and management to be aligned to GCF ESS standards ensuring that due diligence is undertaken for all GCF-financed activities, including subprojects financed from GCF-funded programmes or through financial intermediaries, regardless of the financial instruments used or whether these are solely supported by GCF or co-financed by other institutions.

6. Where accredited entities or implementing entities are implementing activities jointly with other institutions, GCF will encourage accredited entities and the other institutions to explore a common approach, for the assessment and management of the environmental and social risks and impacts. GCF can agree to a common approach for GCF-financed activities, provided that the common approach is consistent with this policy, the ESS standards, and other related GCF policies and practices. The common approach must meet the principles and requirements that will provide the highest level of environmental and social protection, if not the same level provided by the ESS standards and this policy.

7. Additional country requirements on environmental and social safeguards and sustainability may be integrated with GCF requirements at the activity level, provided that the accredited entities establish that the additional requirements are consistent with and at least as rigorous as the ESS standards of GCF and this policy.

### IV. Guiding principles

8. The following principles shall guide how GCF will implement the ESMS and achieve the objectives of this policy:

- (a) **Integration of environmental and social sustainability.** Sustainable development underpins the mandate and objectives of GCF and hence is a key consideration in the policies and governance frameworks of GCF. The ESMS and the policy provide an opportunity for GCF to incorporate environmental and social considerations in ways that not only include safeguard measures of “do no harm,” but also improve environmental and social outcomes and generate co-benefits to the environment and the communities, including indigenous peoples, that depend on it. Within the parameters of the ESMS, this is translated into the operations of GCF, such as accreditation, investment criteria, ESS application, monitoring and accountability, information disclosure, gender mainstreaming, incorporation of considerations related to indigenous peoples, stakeholder engagement, and the redress mechanism;
- (b) **Transboundary risk and impact approach.** The GCF shall ensure that in case of potential transboundary impacts of GCF-funded projects all necessary consultations and due diligence processes, including prior notification and consultations with the relevant stakeholders, including addressing their comments;
- (c) **Scaled risk-based approach.**<sup>1</sup> The ESS standards will be implemented in a risk-based manner and not in a blunt, one-size-fits-all approach. This approach will require that environmental and social requirements and processes are commensurate with the level of risk and meeting the relevant ESS standards;
- (d) **Fit-for-purpose approach.**<sup>2</sup> In the context of the GCF accreditation process, the approach recognizes the roles of a wide range of entities, which can differ according to the scope and nature of the activities of the entities, and their capacity to manage environmental and social risks and impacts. GCF enables entities to access various levels of support differentiated by their capacities in meeting fiduciary and environmental and social safeguards requirements;

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<sup>1</sup> Decision B.07/02, annex I.

<sup>2</sup> Decision B.07/02, paragraph (j) and decision B.08/02, paragraph (c).

- (e) **Equality and non-discrimination.** In meeting the ESS standards, all activities financed by GCF will require that, where they are unavoidable, adverse impacts do not fall disproportionately on vulnerable and marginalised groups and individuals that are affected or potentially affected by GCF-financed activities, and avoid prejudice and discrimination in providing access to development resources and benefits;
- (f) **Mitigation hierarchy.** The GCF adheres to the mitigation hierarchy as an overall principle to managing environmental risks and impacts suitable for all instances of GCF-financed activities. The mitigation hierarchy aims to:
  - (i) Anticipate and avoid adverse risks and impacts on people and the environment;
  - (ii) Where avoidance is not possible, adverse risks and impacts are minimized through abatement measures;
  - (iii) Mitigate any residual risks and impacts; and
  - (iv) Where avoidance, minimization or mitigation measures are not available or sufficient, and where there is sufficient evidence to justify and support viability, design and implement measures that provide remedy and restoration before adequate and equitable compensation of any residual risks and impacts;
- (g) **Coherence and links with relevant policies and practices of GCF.**<sup>3</sup> The Environmental and Social Policy is an overarching policy that shall be consistent and linked with the relevant policies and practices of GCF, such as those related to accreditation, monitoring and accountability, the redress mechanism, information disclosure, gender, and others, as appropriate, including those relevant policies that are still to be developed;
- (h) **Continuous improvement and best practices.**<sup>4</sup> The ESMS will be continuously reviewed and updated in a transparent and participatory manner to sustain its relevance and responsiveness to the prevailing organizational, social, economic and political conditions. The ESMS will also be consistently aligned with international best practices and applicable standards, reflecting the experiences and lessons learned by accredited entities and other relevant institutions, as well as including recommendations made by the GCF independent accountability units. In updating the ESMS, GCF will provide guidance to accredited entities on the implications of such updates on their environmental and social management systems and their application to ongoing GCF-financed activities;
- (i) **Stakeholder engagement and disclosure.** The ESMS requires that there is broad multi-stakeholder support and participation throughout the lifecycle of GCF-financed activities, including the development of measures to mitigate, manage and monitor environmental and social risks and impacts. The process to build support shall be inclusive, gender-responsive and culturally aware, and will be supported by the disclosure of relevant information pursuant to the GCF Information Disclosure Policy;<sup>5</sup>
- (j) **Gender-sensitive approach.**<sup>6</sup> GCF will contribute to gender equality and inclusiveness by ensuring that the methods and tools to promote gender equality and reduce gender disparities in climate actions are established and implemented. In designing activities for GCF-funding, GCF will require accredited entities to adequately assess the gender risks and impacts (as part of social risks and impacts assessments), and link the corresponding gender risk management measures to the activity-level gender action plans;
- (k) **Knowledge-sharing.** GCF will lead and promote the sharing of lessons and experiences in applying ESS and in implementing the ESMS among entities and stakeholders, and will integrate these lessons with capacity development, communications, and outreach activities of GCF and the entities;
- (l) **Harmonized application of environmental and social requirements.** GCF will promote the harmonized application of environmental and social safeguards to reduce multiple and overlapping requirements for activities through the development of common approach that considers the requirements of other co-financing institutions while providing the highest level of environmental and social protection required among the parties, with at least the level of protection by GCF being required;
- (m) **Compliance with applicable laws.** GCF will not support activities that do not comply with applicable laws, including national laws and/or obligations of the country directly applicable to the activities under relevant international treaties and agreements, whichever is the higher standard;
- (n) **Consistency with the United Nations Framework Convention on Climate Change UNFCCC) REDD-plus safeguards.** The environmental and social requirements of GCF will be consistent with all relevant REDD-plus decisions under UNFCCC and existing highest standards for the operationalization of these decisions;<sup>7</sup>

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<sup>3</sup> Decision B.07/02, paragraph (n), annex VI.

<sup>4</sup> Decision B.07/02, paragraph (n), annex VI, requiring the ESMS to be consistent with accepted evolving international systems for quality and environmental management systems: central to these is the continual improvement process.

<sup>5</sup> Decision B.12/35, paragraph (a).

<sup>6</sup> Decision B.09/11, paragraphs (a-b).

<sup>7</sup> Decision 1/CP.16.

- (o) **Labour and working conditions.** All activities financed by GCF will promote decent work, fair treatment, non-discrimination and equal opportunity for workers, guided by the core labour standards of the International Labour Organization;
- (p) **Indigenous peoples.** All GCF-financed activities will avoid adverse impacts on indigenous peoples, and when avoidance is not possible, will minimize, mitigate and/or compensate appropriately and equitably for such impacts, in a consistent way and improve outcomes over time; promote benefits and opportunities; and respect and preserve indigenous culture, including the indigenous peoples' rights to lands, territories, resources, knowledge systems, and traditional livelihoods and practices. All GCF-financed activities will support the full and effective participation of indigenous peoples and recognize their contribution to fulfilling the GCF mandate throughout the entire life cycle of the activities. The design and implementation of activities will be guided by the rights and responsibilities set forth in the United Nations Declaration on the Rights of Indigenous Peoples including, of particular importance, the right to free, prior and informed consent, which will be required by GCF in applicable circumstances;
- (q) **Human rights.** All activities supported by GCF will be designed and implemented in a manner that will promote, protect and fulfil universal respect for, and observance of, human rights for all recognized by the United Nations. GCF will require the application of robust environmental and social due diligence so that the supported activities do not cause, promote, contribute to, perpetuate, or exacerbate adverse human rights impacts; and
- (r) **Biodiversity.** All GCF-financed activities will be designed and implemented in a manner that will protect and conserve biodiversity and critical habitats, ensure environmental flows of water, maintain the benefits of ecosystem services, and promote the sustainable use and management of living natural resources.

### V. Overview of roles and responsibilities

#### 5.1 Overview of GCF roles and responsibilities

- 9. Within the context of its mandate and consistent with its own policies, GCF will carry out the following roles and responsibilities to meet the objectives of this policy.
- 10. **Accreditation.** In relation to the accreditation of entities, GCF is responsible for determining the capacity of the entities to manage environmental and social risks and impacts of GCF-financed activities following the GCF accreditation framework. GCF will assess the commitment, track record and consistency of the systems and approaches used by the entities and intermediaries with the ESS standards using the fit-for-purpose approach. As necessary, GCF will collaborate with the entities on measures to improve their capacities, including the deployment of necessary support and assistance through the GCF Readiness and Preparatory Support Programme.
- 11. **Managing environmental and social risks throughout the life cycle of GCF-financed activities.** Within the parameters of the activities financed or proposed for financing by GCF, GCF will be responsible for:
  - (a) Requiring and ensuring that accredited entities implement their environmental and social management system pursuant to the ESS standards and this policy, thereby providing for a systematic, consistent and transparent management of risks and impacts from GCF-financed activities. Where gaps or weaknesses exist, GCF will require that these are addressed by the accredited entities in a manner and time amenable to GCF so that an effective environmental and social management system is in place before GCF-financed activities are implemented;
  - (b) Requiring and ensuring that appropriate screening and categorization processes within the accredited entities' environmental and social management systems are conducted;
  - (c) Conducting its own environmental and social due diligence on activities proposed for funding consideration, and recommending to the Board for financing only those proposed activities that meet the requirements for managing environmental and social risks and impacts, pursuant to the ESS standards and this policy;
  - (d) Requiring and ensuring that environmental and social risks and impacts assessments for activities are adequate and provide sufficient information to evaluate whether GCF should consider funding the activities, taking into account the potential risks and impacts, and should determine suitable avoidance, mitigation or compensation measures in those cases where proceeding with funding consideration is appropriate. Where gaps or weaknesses exist in the assessment, GCF will require that these are addressed prior to funding consideration. The assessments will also provide the basis for GCF to confirm the risk categories of activities following the definition in this policy and level of risks to which the entities were accredited;
  - (e) Confirming the accredited entities' assignment of risk categories to the proposed activities, ensuring that their environmental and social management plans address the identified risks and impacts, requiring any other safeguards instruments and tools that may be further needed, and reviewing their adequacy. Where there are gaps or weaknesses in the environmental and social management plans, GCF will require that they are addressed. GCF will also require that accredited entities implement (which may include the role of an executing entity), or monitor and supervise the activity's implementation and compliance with (as an

intermediary) the environmental and social obligations and conditions, and require that any gaps or weaknesses be addressed;

- (f) Carrying out monitoring, review and reporting functions related to the environmental and social performance of accredited entities and the supported activities, as may be required pursuant to the monitoring and accountability framework, ESS standards, and this policy; and
- (g) Reviewing proposed operational changes with respect to the GCF-financed activities or the accredited entities' environmental and social management systems and requiring additional measures to align with the ESS standards, this policy, and other GCF policies, if necessary.

12. **Information disclosure, stakeholder engagement and grievance redress.** Within the parameters of the activities financed or proposed for financing by GCF, GCF will be responsible for:

- (a) Confirming that all information related to the environmental and social safeguards of activities are appropriately disclosed to meet the requirements of the GCF Information Disclosure Policy and section 7.1 of this policy, and working with accredited entities to address any gaps or weaknesses in the disclosure of relevant information;
- (b) Confirming that persons, communities and countries affected or potentially affected by the activities are consulted, and where required that free, prior and informed consent of indigenous peoples is obtained, by the accredited entities or through its executing entities during the design and implementation of the activities and that effective grievance redress mechanisms to receive complaints and feedback are established and function in a collaborative manner and in a way that is complementary to GCF independent Redress Mechanism, and requiring that any gaps or weaknesses be addressed; and
- (c) Ensuring that accredited entities establish activity-specific grievance redress mechanisms as appropriate, cooperate with, and inform all stakeholders of, and provide access to the independent Redress Mechanism, and fully implement remedial actions stipulated by the Board on the recommendation of the independent Redress Mechanism in response to complaints received by the independent Redress Mechanism and in accordance with the terms of reference, guidelines and procedures of the independent Redress Mechanism and consistent with the requirements described in section 7.3 of this policy.

13. GCF will require and ensure that accredited entities comply with their environmental and social obligations specified in their accreditation, the activities' safeguards plans and frameworks, activity-specific gender action plans, applicable country laws and regulations, and obligations of the country directly applicable to the activities under relevant international treaties and agreements. Where the accredited entities fail to comply with the safeguards requirements, GCF will work with the accredited entities to develop and implement timebound corrective actions that will bring the activities back into compliance. GCF will also work with the accredited entities and the affected people to develop and implement measures to remedy the harms that occurred. Where the accredited entities fail to re-establish compliance within the applicable time frame and manner, GCF may exercise its remedies under its legal agreement with the accredited entities.

5.2 Overview of roles and responsibilities with respect to the accredited entities

14. GCF will take steps to ensure that the requirements of this policy are applied to both the development of activities and their implementation once approved.

- (a) In the case of activities proposed for GCF financing, GCF will require the accredited entities to undertake all necessary measures to ensure that activities are developed in such a manner that:
  - (i) Provides and implements the environmental and social management system to manage the environmental and social risks and impacts associated with the activities, allows meaningful and inclusive multi-stakeholder consultation and engagement throughout the lifecycle of activities taking into account the particular situations of vulnerable and marginalised groups and individuals that are affected or potentially affected by GCF-financed activities, appropriate to its role as an implementing entity (which may include a project execution role), an intermediary entity, or both, maintaining or improving on the environmental and social management system on which its accreditation was approved;
  - (ii) Ensures that activities proposed for GCF financing are properly screened, assigned appropriate environmental and social risk categories and that the environmental and social risks and impacts are properly and sufficiently assessed;
  - (iii) Ensures cooperation with GCF in its due diligence of the activities proposed for GCF financing;
  - (iv) Ensures that measures to avoid, minimize or mitigate adverse impacts, to compensate for residual impacts and to provide for restoration are planned and adequately supported in the activities proposed for GCF financing;
  - (v) Ensures disclosure of information on the GCF-financed activities and component subprojects pursuant to the GCF Information Disclosure Policy, and that continuing stakeholder engagement, as well as entity-level and activity-level grievance mechanisms are developed and implemented; and

- (vi) Ensures access to the independent Redress Mechanism's grievance and complaints process and that any remedial actions stipulated by the Board of the GCF on the recommendation of the independent Redress Mechanism in response to a complaint from people affected by the activities are respected and promptly implemented.
  - (b) In the case of GCF-financed activities, GCF will require the accredited entities to undertake all necessary measures to ensure that activities are implemented in such a manner that:
    - (i) Ensures that ESMPs, and all measures to mitigate and manage environmental and social risks and impacts and to improve outcomes are implemented, monitored and continuously improved; and
    - (ii) Ensures that the progress and performance are monitored and reported to GCF and its stakeholders throughout the implementation of the GCF-financed activities, in accordance with the monitoring and accountability framework and allowing GCF or GCF-authorized third-party verification of such reports.
15. GCF will require the accredited entities to confirm that the measures to manage environmental and social risks and impacts, including, as relevant, information disclosure, stakeholder engagement, and grievance redress, are incorporated in the agreements with executing entities including tendering documents and contracts.
16. GCF will require the accredited entities to take all necessary measures to ensure the compliance with all applicable laws, including the laws, regulations, and standards of the country in which the activities are located, and/or obligations of the country or countries directly applicable to the activities under relevant international treaties and agreements.
17. Entities that are functioning as financial intermediaries are exposed to environmental and social risks through the activities of their borrowers, grantees, and investees. GCF will require the intermediaries to manage the environmental and social risks associated with the supported activities. In this regard, the intermediaries will review all subprojects and delegated activities, identify where the entities and GCF could be exposed to potential risks, and take necessary actions, including the development and implementation of an environmental and social management system to oversee and manage these risks. GCF will require that accredited entities, acting in intermediary functions, undertake all necessary measures to ensure that all component subprojects and activities meet the requirements of the ESS standards of GCF and this policy. GCF will also require the accredited entities to ensure that the borrowers, grantees, and investees have the adequate management systems, processes, and capacity to manage environmental and social risks and impacts, that the individual subprojects and delegated activities are properly screened, assessed, assigned an appropriate risk category, subjected to due diligence and oversight, and that the implementation and outcomes are monitored and reported.
18. GCF will require that accredited entities undertake all necessary measures to ensure that the communities affected or potentially affected by the activities (including vulnerable and marginalised groups and individuals) are properly consulted in a manner that facilitates the inclusion of local knowledge in the design of the activities, provides them with opportunities to express their views on risks, impacts and mitigation measures related to the activities, and allows the accredited entities to consider and respond to their concerns. In ensuring the meaningful and effective consultation and participation of the affected communities and vulnerable populations, the accredited entities will align their stakeholder engagement processes to best practices and standards and will make publicly available the relevant information on the activities according to the requirements of the Information Disclosure Policy of GCF and section 7.1 of this policy.

## **VI. General requirements for environmental and social risk management**

### **6.1 Accreditation**

19. GCF operates through accredited entities, including those functioning as financial intermediaries. These entities are tasked to deliver upon the objectives of GCF through the supported activities while ensuring that the fiduciary, environmental and social standards of the GCF are met. Accredited entities will have in place environmental and social management systems that specify their capacities, standards and processes for screening, identifying, assessing, managing, and monitoring the potential environmental and social risks and impacts pursuant to the ESS standards of GCF and this policy.<sup>8</sup>

20. The accreditation of entities will be conducted pursuant to the accreditation framework.<sup>9</sup> Under the accreditation framework, GCF examines, in line with the ESS standards and all relevant GCF policies, the adequacy of the applicant's environmental and social management system and the track record of implementing such a system. The accreditation process will also allow the entities to access GCF support at a level commensurate to their institutional capacity to undertake the assessment and management of environmental and social risks and impacts.

### **6.2 Environmental and social management system**

21. The accredited entities will put in place an effective environmental and social management system to assess the environmental and social risks and impacts associated with the activities and the means to subsequently manage

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<sup>8</sup> Decision B.07/02, Annex I.

<sup>9</sup> Decision B.07/02.

these effectively and equitably. The environmental and social management system of the accredited entities will be in accordance with the requirements of the GCF ESS standards and applicable policies of GCF as determined in the accreditation and appropriate to its role as an implementing entity (which may include a project execution role), an intermediary entity, or both. The accredited entities will maintain and continuously improve the environmental and social management system on which their accreditation was approved. The level of detail and complexity of the management system, and the staff and financial resources allocated to it, will be adequate to manage the expected level of risks and impacts of the activities to be financed. The staff of the accredited entities, including those who may be part-time or externally acquired (e.g. consultants) will have the necessary expertise in all areas covered by the ESS standards of GCF to carry out their responsibilities. The environmental and social management system forms one of the important considerations in the accreditation of the entities and is also the basis of the due diligence of activities proposed for financing that confirms how the environmental and social management system is translated to specific risk avoidance and mitigation measures.

22. If the entities have been accredited to have an intermediary function, their environmental and social management system will include the policies, procedures and resources to conduct due diligence and oversight over executing entities and ensuring that the executing entities have the capacity and environmental and social management systems to fulfil the activity-level requirements discussed in sections V, VI and VII of this policy and in line with the ESS standards of GCF.

### 6.3 Screening and risk categories

23. GCF, pursuant to the ESS standards, requires accredited entities – whether their role is as an implementing entity or an intermediary entity – to screen activities that include programmes, projects and subprojects, and following the result of the screening, to assign appropriate risk categories consistent with their environmental and social management systems and the GCF ESS standards.

24. GCF will review the environmental and social screening of the activities proposed for GCF financing, and confirm the environmental and social risk category assigned by the accredited entity based on the screening. In reviewing, GCF will confirm that the risk category of the proposed activity is appropriate to the risk level at which the entities have been accredited and consistent with the accredited entities' requirements, the GCF ESS standards, and the considerations and definitions set out in paragraphs 25 to 32 of this policy. If it is inconsistent, GCF will require the accredited entity to reflect the appropriate category. Only activities with risk categories that are within the accredited entity's accreditation level will be considered for GCF financing.

25. In screening activities, GCF will require that risks and impacts are considered and will include direct and indirect, induced, long-term and cumulative impacts, potential environmental and social risks to the activities, and will take into account the activities' areas of influence including associated facilities and third-party impacts. In screening activities, the environmental and social risks and impacts, as well as the nature, magnitude, and complexity of these risks, the specific characteristics of the influence area including risks of displacement, involuntary resettlement and to indigenous peoples, and legal and policy contexts will be considered.

26. In screening activities, GCF will require that applicable environmental and social safeguards standards are determined and actions sufficient to meet the requirements of each applicable environmental and social safeguards standard pursuant to the GCF ESS standard and this policy are identified. The screening of the activities will benefit from an integrated assessment that brings together the perspectives of environmental and social risks and the impacts of the activities on the communities and the receiving environment.

27. GCF will require that accredited entities will take all the necessary measures to ensure that all GCF-financed activities meet applicable laws related to managing environmental and social risks and impacts, including national laws, regulations, and standards, and/or obligations of the country or countries directly applicable to the activities under relevant international treaties and agreements. The compliance with applicable laws and relevant international obligations and standards will be reflected in the screening and assessment process indicating these national and international requirements and how these will be met through the management programmes and plans.

28. GCF will require accredited entities to confirm that associated facilities meet the requirements of their environmental and social safeguards pursuant to the ESS standards of GCF. Where the associated facilities are financed by other funding agencies, GCF, and the accredited entities, may rely on the environmental and social requirements of these funding agencies provided that these are more stringent or equivalent to the ESS standards, as determined by GCF.

29. The risk category, aligned with the fit-for-purpose approach,<sup>10</sup> will be proportional to the nature, scale, and location of the activity, its environmental and social risks and impacts, and the vulnerability of the receiving environments and communities. GCF will require that appropriate risk categories are assigned to all activities proposed for GCF financing paying attention to specific environmental and social risks, as specified in the ESS standards. The environmental and social risk category will determine the nature and depth of environmental and social assessment, appropriate stakeholder engagement, and the type of information to be disclosed. The risks and

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<sup>10</sup> Decision B.08/03.

impacts will be assessed at the pre-mitigation stage, and the accredited entities shall consider the most serious potential impacts of all activities including associated facilities.

30. If a programme, composed of several component subprojects, is being submitted for consideration of GCF funding, GCF will require that the highest risk category of the component subproject will be considered as the overall risk category of the programme.

31. GCF will require accredited entities to assign the appropriate environmental and social risk categories to activities in a manner consistent with the accreditation framework of GCF. The categories are as follows:

- (a) Category A. Activities with potential significant adverse environmental and/or social risks and impacts that, individually or cumulatively, are diverse, irreversible, or unprecedented;
- (b) Category B. Activities with potential limited adverse environmental and/or social risks and impacts that individually or cumulatively, are few, generally site-specific, largely reversible, and readily addressed through mitigation measures; and
- (c) Category C. Activities with minimal or no adverse environmental and/or social risks and/or impacts.

32. In screening activities for their environmental and social, including transboundary, risks and impacts associated with investments through financial intermediation, the screening considers the risks associated with the intended end use. Categories of activities involving investments through financial intermediation functions or delivery mechanisms involving financial intermediation are divided into the following three levels of risk:

- (a) High level of intermediation, I1. When an intermediary's existing or proposed portfolio includes, or is expected to include, financial exposure to activities with potential significant adverse environmental and social risks and impacts that, individually or cumulatively, are diverse, irreversible, or unprecedented;
- (b) Medium level of intermediation, I2. When an intermediary's existing or proposed portfolio includes, or is expected to include, substantial financial exposure to activities with potential limited adverse environmental or social risks and impacts that are few, generally site-specific, largely reversible, and readily addressed through mitigation measures; and includes no activities with potential significant adverse environmental and social risks and impacts that, individually or cumulatively, are diverse, irreversible, or unprecedented; and
- (c) Low level of intermediation, I3. When an intermediary's existing or proposed portfolio includes financial exposure to activities that predominantly have minimal or negligible adverse environmental and social impacts.

33. The accreditation of the entities is based on the definitions of risk categories of Category A, Category B and Category C for activities and I1, I2 and I3 for intermediaries. Entities and intermediaries accredited to Category A or I1 can propose for funding those activities with assessed environmental and social risk categories of up to Category A or I1. Entities and intermediaries accredited to Category B or I2 can propose activities with assessed risk categories of up to Category B or I2 only. Entities accredited to Category C, or I3 can only propose for funding Category C or I3 activities.

#### 6.4 Environmental and social due diligence

34. GCF will conduct its environmental and social due diligence as part of its assessment of activities proposed for funding consideration. The purpose of GCF due diligence is to understand and evaluate how the environmental and social, including transboundary, risks and impacts are screened, assessed and planned to be mitigated and managed by the accredited entities. The due diligence of GCF will verify consistency of the assessments and proposed management measures by the accredited entities with the ESS standards and this policy and recommend to the Board for GCF financing only those proposed activities that meets the requirements for managing environmental and social risks and impacts, pursuant to the ESS standards and this policy.

35. When accredited entities bring investment activities to GCF for consideration, GCF will review the environmental and social assessment of the activities, including through field visits as appropriate, to determine the consistency of the risk categories with the accreditation of the entities and the requirements of the ESS standards and this policy, as well as obtaining comments of stakeholders in cases where projects have potential transboundary risks and impacts. With the review, a set of actions will be proposed by GCF after consulting with the accredited entities in order to fill any gaps related to the requirements of the ESS standards and this policy.

36. The environmental and social due diligence of GCF includes:

- (a) Adequate investigation, review, and assessment related to accreditation as well as to the consideration of funding proposals;
- (b) Assessing the environmental and social management systems of the entities and how these are applied to the activities, the effectiveness and independence of the grievance redress mechanism of the accredited entities and implementing entities, disclosure of information, and the meaningful and timely consultations with all stakeholders; and
- (c) Providing guidance to accredited entities in developing and implementing measures to manage the risks and impacts. The responsibilities of the accredited entities include ensuring that all the necessary assessments of

risks and impacts are conducted, management plans developed and implemented, information provided, and necessary stakeholder engagement and communications conducted.

37. GCF will undertake due diligence based on the most recent, reliable and relevant information of the activities. Where information on the activities is limited, GCF will request additional information from the accredited entities and will also take into consideration the risks and impacts inherent in the types of activities, sector, or industry, the specific context within which the activities will be developed and implemented, and the capacity of the executing entities to implement the activities in a manner consistent with the requirements of the ESS standards and this policy. Where assessments have already been done and permits obtained, the due diligence for the activities will consist of analysis of gaps to understand whether there is a need for any additional studies or measures to meet the requirements of the ESS standards and this policy and a requirement that the gaps be filled. If there are compelling reasons that the gaps cannot be filled, the significance of the gaps, the extent of information provided and the potential risks these present will be reflected in the review with a request for waiver.

38. GCF will require the accredited entities to undertake environmental and social due diligence on all the activities proposed for GCF financing. The purpose of the due diligence of the accredited entities is to ensure that the activities proposed for GCF financing comply with their environmental and social safeguards standards pursuant to the ESS standards of GCF and this policy. If the accredited entities are acting in an intermediary function, they will require that the executing entities undertake the same level of due diligence on component subprojects to fulfil the requirements described in this section and will conduct the necessary due diligence and oversight to ensure that these requirements are fulfilled.

### 6.5 Environmental and social assessment

39. GCF will require the accredited entities to undertake assessment of environmental and social, including transboundary risks and impacts to ensure that the activities proposed for GCF financing meet their environmental and social safeguards pursuant to the ESS standards of GCF and this policy. If the accredited entities are acting in an intermediary function, GCF will require the accredited entity to undertake all necessary measures to ensure that the executing entities fulfil the activity-level assessment requirements described in this section for each component subproject, and will conduct the necessary due diligence and oversight to ensure that these requirements are fulfilled.

40. The environmental and social assessment will be in a manner that: follows good international industry practices, identifies best alternatives and allows for an integrated and balanced view of the environmental and social risks and impacts pursuant to GCF standards and requirements of the accredited entities, considers the environmental and social factors, that can affect the achievement of intended results, and shall include where applicable upstream and downstream environmental and social risks and impacts and impacts on ecosystems and identifies opportunities to enhance the positive environmental and social outcomes and benefits.

41. The scope and depth of the environmental and social assessment will be proportional to the level of risks and impacts and determined in the screening and by the specific requirements of the applicable environmental and social safeguards pursuant to the ESS standards of GCF and this policy. For Category A activities that are anticipated to have significant environmental and social, including transboundary risks and impacts, a full and comprehensive ESIA and ESMP will be required. For Category B activities with limited impacts, a fit-for-purpose ESIA and an ESMP, with a more limited focus as may be appropriate, that describes the potential impacts, as well as appropriate mitigation, monitoring and reporting measures will be required. Category C activities should have no expected significant environmental and social impacts and therefore may not require any assessments, although a pre-assessment or screening should confirm that the activities are indeed in Category C.

42. There are a variety of tools and studies that may be used to complement and strengthen further the assessment of environmental and social risks and impacts. These form part of commonly accepted assessment tools such as strategic environmental and social assessments, regional impacts assessments, cumulative impacts, and other specialized studies as may be required under specific environmental and social safeguards pursuant to the ESS standards of GCF and this policy. GCF may recommend and/or require additional tools and planning instruments as may be necessary to meet the national requirements and international commitments of countries.

### 6.6 Environmental and social management plan

43. GCF will require and ensure that the accredited entities develop ESMPs that contain the measures to manage and mitigate the identified risks and impacts, pursuant to the ESS standards of the GCF and this policy. If an accredited entity is acting in an intermediary function, the GCF will require the accredited entity to take all necessary measures to ensure that the executing entities fulfil the activity-level ESMP requirements discussed in this section, and the accredited entity will conduct the necessary due diligence and oversight to ensure that these requirements are fulfilled.

44. Based on the results of the environmental and social assessment, the ESMP for an activity will be designed such that the appropriate measures to address adverse environmental and social risks and impacts including health and safety, as well as opportunities to pursue and enhance positive environmental and social outcomes, are adequately described, roles defined, and the corresponding timelines and resources identified. Where transboundary risks and impacts are potentially involved, ESMP should include a modality to demonstrate that the concurrence of stakeholders are agreed in the ESMP. Where activities involve existing facilities, environmental and social audits may

be required with an ESMP which may include remediation, recompense, or management of any residual environmental and social issues.

45. The ESMP will be integrated into the overall planning, design, resourcing, and execution of the GCF-financed activities and reflected in the accredited entities' environmental and social management system. Where gaps exist in the capacity of accredited entities to implement the mitigation measures exist, GCF will work with the accredited entities to build or enhance the institutional capacity and address the gaps before the activities necessitating such mitigation measures are going to be implemented.

46. GCF will require and ensure that activities are screened, including component subprojects of programmes and activities requiring financial intermediation, for potential involuntary resettlement impacts, pursuant to the objectives and requirements of the ESS standard of GCF, particularly regarding land acquisition and involuntary resettlement. GCF-financed activities will be designed and implemented in a way that avoids or minimizes the need for involuntary resettlement. When limited involuntary resettlement cannot be avoided, GCF will require through informed consultations and participation of the people or communities affected by the activities, the preparation of a resettlement action plan or, if specific activities or locations have not yet been determined, a resettlement policy framework proportional to the extent of physical and economic displacement and the vulnerability of the people and communities. A resettlement policy framework will include provisions for the development and implementation of site-specific resettlement action plans that comply with the requirements of the accredited entities for such plans, pursuant to GCF standards and this policy. In cases of economic displacement or restrictions of access to livelihoods as a result of land acquisition and resettlement, GCF will require the development of livelihood restoration and compensation plans or frameworks. These plans or frameworks will complement the social assessments of the activities and provide guidance on specific issues and due process related to involuntary resettlement including land acquisition, consultations with the affected people on their rights and options, compensation for assets, free, prior and informed consent in cases of indigenous lands and territories, livelihood loss and restoration, transition allowances, facilities and resettlement sites, and grievance redress.

47. GCF will require and ensure that activities are screened, including component subprojects of programmes and activities requiring financial intermediation, for any potential impacts on indigenous peoples, pursuant to the objectives and requirements of the GCF ESS standards and other relevant policies. The contributions and inputs of indigenous peoples in the risk screening and assessment processes will be facilitated. Where there are potential adverse impacts to indigenous peoples, GCF will require the development of measures to minimize, restore, and/or compensate for these impacts in a culturally appropriate manner commensurate with the nature and scale of such impacts and the vulnerability of the affected communities of indigenous peoples. These measures are to be described and costed as part of the consideration for GCF funding. Such measures may be integrated into a broader management plan or contained in an indigenous peoples plan, or if specific activities or locations have not yet been determined, indigenous peoples planning framework. The plans or frameworks will be developed with the full and effective participation of indigenous peoples through a process of meaningful consultation tailored to the indigenous peoples; ensuring the free, prior and informed consent of the affected indigenous peoples, where required by the relevant policies of GCF. The scope and extent of such plans will be proportional to the vulnerability of the indigenous peoples and the extent of impacts on the customary rights of use and access to land and natural resources, socioeconomic status, cultural integrity, indigenous knowledge and skills, and overall welfare. An indigenous peoples planning framework will include provisions for the development and implementation of site-specific indigenous peoples plans. These plans and frameworks will complement the social assessment of the activities and provide guidance on specific issues related to addressing the needs of the affected indigenous peoples.

48. GCF will require and ensure that activities are screened, including component subprojects of programmes and activities requiring financial intermediation, for any potential adverse impacts on the promotion, protection, respect for, and fulfilment of human rights. This may be done through the required social and environmental impacts assessment (complemented by specific human rights due diligence deemed relevant by the accredited entities with respect to specific circumstances or activities). For activities that have potential adverse impacts on human rights, GCF will require the preparation of an action plan that identifies national laws and/or obligations of the country directly applicable to the activities under relevant international treaties and agreements, and describes the mitigation measures that will be taken to comply with those obligations and national laws. Such measures are to be described and costed as part of the consideration for GCF funding. GCF will not finance activities where planned mitigation is inadequate.

49. GCF will require and ensure that activities are screened, including component subprojects of programmes and activities requiring financial intermediation, for any potential adverse impacts on the promotion, protection and respect for gender equality in accordance with the GCF Gender Policy and Action Plan and in compliance with national laws and/or obligations of the country directly applicable to the activities under relevant international treaties and agreements through a comprehensive gender risk and impact assessment. Supporting and mitigating actions are to be described and costed in the activity-specific gender action plans and/or ESMPs, as part of the considerations for GCF funding.

50. GCF will require and ensure that activities are screened and assessed, including component subprojects of programmes and activities requiring financial intermediation, for any potential impacts on biodiversity, pursuant to the objectives and requirements of the ESS standards of GCF, particularly regarding biodiversity conservation and natural resources management. The activities shall avoid impacts on biodiversity and ecosystem services, and if

avoidance of impacts is not possible, measures to minimize impacts and compensate and restore biodiversity and ecosystem services will be implemented. For activities that have potential adverse impacts on natural habitats, GCF will require the preparation of a biodiversity action plan that describes the long-term mitigation, conservation outcomes, monitoring, and evaluation programme. Where avoidance, minimization or mitigation measures are not available or sufficient, and where there is sufficient evidence to justify and support viability, the accredited entity, in coordination with relevant experts and GCF, will design and implement measures that provide remedy or restoration before adequate and equitable compensation of any residual risks and impacts. Such measures shall be described and costed in the biodiversity action plans and/or ESMPs as part of the consideration for GCF funding. Compensation, or offsets, will be used to mitigate adverse impacts on biodiversity and ecosystems in rare cases, only as a last resort, and only in specific instances where: all other technically feasible avoidance, minimization or restoration measures have been considered; supported by rigorous, sound science; developed in consultation with independent experts; and long-term management, support, and financing have been secured.

51. For activities requiring financial intermediation, GCF will require and ensure that the accredited entities in an intermediary function develop an operational programme- or project-level environmental and social management system or framework to identify and manage the risks associated with their portfolio and delegated activities on an ongoing basis. The complexity of the programme- or project-level environmental and social management system or framework will vary according to the risk exposure that the intermediary is expected to manage. The environmental and social management system or framework will be designed and implemented to meet the environmental and social safeguards of the accredited entities, pursuant to the ESS standards of GCF and this policy.

### 6.7 Operational changes

52. GCF will require the accredited entities to notify GCF when there are major changes in the activity design and execution, policy, and regulatory setting, receiving environment and community, unanticipated environmental risks and impacts, or other circumstances that raise or potentially raise the environmental and social risk category of GCF-financed activities. GCF will require and ensure that the accredited entities undertake due diligence appropriate to the new environmental and social risk category of the activities and revise the ESMP to meet the requirements of their environmental and social safeguards, in a manner consistent with the ESS standards of GCF. Additional due diligence and changes to the ESMPs and other safeguards documents will be disclosed in a manner pursuant to the GCF Information Disclosure Policy.

53. GCF will also require the accredited entities to notify GCF when changes to the ESMP or other management plans are required. In the context of adaptive risk management, accredited entities will ensure that the implementation of the ESMPs will be responsive to changing conditions and the results of monitoring throughout the project's lifecycle. GCF requires the accredited entities to maintain effective due diligence, including participatory monitoring approaches, to address unanticipated developments in the activities or to reflect improved techniques and technologies for addressing environmental and social risks and impacts and meeting the environmental and social safeguards requirements pursuant to the ESS standards of GCF.

54. GCF will require the accredited entities to notify GCF of any changes in their environmental and social management systems that may adversely affect the planning, design, implementation, and monitoring of GCF-financed activities. Where the changes render the ESMPs or the programme- or project-level environmental and social management system inconsistent with the ESS standards of the GCF, GCF will require and ensure that the accredited entities make appropriate revisions in the ESMP or undertake other necessary actions to meet the requirements of the ESS standards of GCF.

55. If the accredited entities are acting in an intermediary function, GCF will require the accredited entities to ensure that the executing entities inform it of the operational changes discussed in this section and, in turn, inform GCF. GCF will collaborate with the accredited entities and executing entities and provide oversight to ensure that any further required measures are implemented.

### 6.8 Monitoring and reporting

56. GCF, through its Secretariat, will carry out monitoring and reporting functions related to the environmental and social performance of the accredited entities and the supported activities as required in the GCF monitoring and accountability framework.<sup>11</sup> The monitoring will be a continuous process that allows disclosure pursuant to the monitoring and accountability framework and the Information Disclosure policy. The extent of monitoring will be based on the type and level of risks identified, including environmental and social risks.

57. GCF will monitor the compliance of accredited entities with the applicable environmental and social safeguards requirements, pursuant to the ESS standards and the monitoring and accountability framework of GCF. On an annual basis, the accredited entities will provide GCF with a self-assessment of their compliance with the applicable environmental and social safeguards, pursuant to the ESS standards of GCF. Halfway through the five-year accreditation, the Secretariat will undertake a mid-term review of compliance performance of the accredited entities. Annually, the Secretariat will report to the Board the consolidated results of the annual self-assessments, mid-term reviews, and any ad hoc reviews that were conducted.

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<sup>11</sup> Decision B.11/10.

58. The reporting requirements for GCF-financed activities will include annual performance reports and interim evaluation and final evaluation reports. These reports will specify the activities' consistency with the ESS standards and this policy and provide information from the GCF independent accountability units and any other applicable environmental and social provisions in the legal agreement. If needed, GCF may require more frequent or ad hoc monitoring and reporting or audits on specific environmental and social issues, which may also include site visits and consultations with beneficiaries, communities, and national designated authorities. The Secretariat will then report to the Board the performance of the accredited entities in relation to their GCF-financed activities providing information related to implementation progress, issues, risks and lessons, including those affecting environmental and social safeguards.

59. The accredited entities are responsible for monitoring and reporting to GCF on the GCF-financed activities. If the accredited entities are acting in an intermediary function, GCF will require the accredited entities to ensure that the executing entities fulfil the activity-level monitoring and reporting requirements discussed in this section and will, in turn, provide the requisite monitoring and reporting information to GCF. This may include both activity-specific and aggregated monitoring and reporting. GCF will review the monitoring and reporting information about the activities of the executing entities provided by the accredited entities acting as intermediaries.

60. In monitoring the environmental and social performance of activities, GCF shall require the accredited entities to undertake all necessary measures to ensure participatory monitoring through the involvement of communities, local stakeholders, indigenous peoples and civil society organizations in all the stages of the life cycle of activities. This participatory monitoring approach will also encourage the national designated authorities or focal points to organize country portfolio reviews involving people affected by the activities and other local stakeholders.

### **VII. Information disclosure, stakeholder engagement, and grievance redress**

#### **7.1 Information disclosure**

61. The Governing Instrument affirms that GCF will operate in a transparent and accountable manner guided by the principles of efficiency and effectiveness. The GCF Information Disclosure Policy<sup>12</sup> operationalizes this commitment by ensuring transparency, public access to information and stakeholder participation in all its activities. The Information Disclosure Policy requires that relevant information, including with respect to environmental and social issues, is made available to the affected and potentially affected communities and external stakeholders.

62. The information will be made available in accordance with the provisions of the Information Disclosure Policy, allowing the stakeholders time to review, seek further information and provide inputs on a proposed activity, including ways to improve design and implementation of its environmental and social safeguards. The information in the form of environmental and social reports, including additional documents described in paragraph 64 and 65, will be provided through electronic links to the websites of the accredited entities and of GCF (in the case of the GCF website, upon submission of the funding proposal to the Secretariat), as well as in locations convenient to affected peoples. The information will be available in both English and the local language (if not English) to foster adequate understanding by the affected and potentially affected communities, stakeholders and the general public.

63. The GCF Information Disclosure Policy requires the accredited entities to disclose to the public and, via the Secretariat, to the Board and active observers, the necessary documentation relevant to the environmental and social safeguards of the activities, and meeting the required disclosure period. The required disclosure will also apply to Category A and Category B subprojects of GCF-funded programmes and investments through medium- to high-level of intermediation.

64. GCF will require that all additional environmental and social safeguards documents be disclosed. These documents will include a suite of assessment and management instruments, such as resettlement action plans and policy frameworks, indigenous peoples plans and planning frameworks, gender assessments and gender action plans, and environmental and social due diligence and audit reports. These documents will complement the environmental and social reports or core safeguards instruments required in all cases – ESIA, ESMP and/or operational environmental and social management system or frameworks – and will be disclosed in the same manner and time frame as the core instruments. Such documents shall be sufficiently comprehensive to inform the assessment and decision on the activities proposed for GCF funding.

65. The accredited entities will also disclose, in the same manner, and time frame as the safeguards documents, a summary of the activities, along with the environmental/social information, including the following at a minimum:

- (a) The purpose, nature, and scale of the activities, and the intended beneficiaries;
- (b) The duration of proposed activities;
- (c) A summary of stakeholder consultations and the planned stakeholder engagement process; and
- (d) The available grievance mechanism(s).

66. If the accredited entities are acting in an intermediary function, GCF will require the accredited entities to undertake all necessary measures to ensure that the executing entities fulfil the information disclosure requirements

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<sup>12</sup> Decision B.12/35.

discussed in this section, and the accredited entities will conduct the necessary due diligence and oversight to confirm that these requirements are fulfilled.

### 7.2 Stakeholder engagement

67. GCF will require accredited entities, including intermediaries, to ensure the effective engagement of communities and individuals, including transboundary, vulnerable and marginalised groups and individuals that affected or potentially affected by the activities proposed for GCF financing. The stakeholder engagement plan will describe the disclosure of information, meaningful consultation and informed participation in a culturally appropriate and gender responsive manner, and, in certain circumstances, free, prior informed consent, as required pursuant to the ESS standards of GCF. The disclosure of information, meaningful consultation, and informed participation will be designed and undertaken in a manner that takes into consideration the risks and impacts, including where appropriate transboundary impacts as well as opportunities to enhance environmental and social outcomes of the proposed activities, starting from the design and development of activities and will continue throughout the lifecycle of the activities.

68. GCF, working with the national designated authorities and focal points of countries, will describe the process and set guidance to assist the accredited entities to put in place and implement a process for meaningful consultation with people affected or potentially affected by the activities, guided by the principles of transparency, inclusiveness, non-discrimination, "Do No Harm" and accountability and by international best practices, and consistent with the best practice options for country coordination and multi-stakeholder engagement<sup>13</sup>

68bis. GCF will also develop modalities, applicable to all stages for project consideration, consultations, sharing of information and resolutions of concerns by neighbouring countries on projects having potential transboundary environmental and social impacts.

69. GCF will require and ensure that the meaningful consultation will be culturally appropriate, undertaken throughout the life cycle of activities, with information provided and disclosed in a timely manner, in an understandable format, in appropriate local languages, gender inclusive and responsive, free from coercion, and will incorporate the views of stakeholders in the decision-making process. The processes will pay particular attention to vulnerable groups and to conducting consultations in a manner that does not put vulnerable individuals and groups at risk. For activities impacting indigenous peoples, this engagement will be supported by the objectives and requirements of the GCF ESS standards and relevant GCF policies, including but not limited to, the GCF Indigenous Peoples Policy, including with respect to free, prior and informed consent.

70. GCF reserves the right to observe and participate in the consultation process or request for the documentation of the process in order to gain a better understanding of the issues and concerns of the affected and potentially affected communities, groups and individuals, as well as how such concerns will be addressed by the accredited entities.

71. GCF undertakes direct stakeholder engagement in processes related to the management of environmental and social risks and impacts, including the development of policies, procedures, and guidance, and ESMS of the GCF. In such processes, key documents are subject to a minimum 30-day public disclosure period pursuant to the GCF Information Disclosure Policy.

72. If the accredited entities are acting in an intermediary function, GCF will require the accredited entities to undertake all necessary measures to ensure that the executing entities to fulfil the activity-level stakeholder engagement requirements discussed in this section and the accredited entities will conduct the necessary due diligence and oversight to confirm that these requirements are fulfilled.

### 7.3 Grievance redress mechanisms

73. The approach of GCF is to provide for grievance and redress at GCF, accredited entity, and activity levels. GCF requires that accredited entities inform the communities affected, or likely to be affected, by the GCF-financed activities about the grievance and redress mechanisms at all three levels, at the earliest opportunity of the stakeholder engagement process and in an understandable format and in all relevant languages. The details for sending complaints containing the contact information and the appropriate modes by which these will be received will be provided by the accredited entities to the communities and disseminated with other involved institutions.

74. The ESS standards of GCF establish the requirements for setting up of a grievance redress mechanisms at the activity level to receive and facilitate the resolution of concerns and grievances about the environmental and social performance of GCF-financed activities. These mechanisms will seek to resolve complaints in a manner that is satisfactory to the complainants and other relevant parties, that will be identified, depending on the nature of the complaint. To this end, GCF will require accredited entities to identify, where this already exists at the activity-level grievance redress mechanism, or establish and maintain appropriate and effective mechanisms to receive complaints and facilitate the resolution of such in connection with the GCF-financed activities.

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<sup>13</sup> Decision B.08/10, annex XIV.

75. At the GCF level, the independent Redress Mechanism will address the grievances and complaints filed by persons, groups of persons or communities or on their behalf by governments or a representative, duly authorised to act in such a capacity, who may be or have been affected by the adverse impacts including transboundary impacts of the projects, in connection to the GCF-financed activities. In the event of a complaint being filed with the independent Redress Mechanism, the accredited entities will cooperate with the independent Redress Mechanism and GCF.

76. GCF recognizes that local or project level grievance mechanism can provide an effective and direct remedy to complainants, and encourages the use of such mechanisms whenever possible. This recognition does not limit in any way the ability of complainants to access the GCF independent Redress Mechanism directly. Persons who allege that they have been affected by activities that do not comply with the accredited entities' own policies and procedures should have the right to access the accredited entities' own grievance redress mechanisms and/or those at the project or activity level, if separate. It is the responsibility of the accredited entities to require and ensure that their grievance mechanisms and the activities' grievance mechanisms are functioning effectively, efficiently, legitimately, and independently in a manner that is accessible, equitable, predictable, transparent, , and that allows for continuous learning.

77. If the accredited entities are acting in an intermediary function, the accredited entities will require the executing entities to fulfil the activity-level grievance mechanism requirements discussed in this section while maintaining responsibility for its own grievance redress mechanism and will conduct the necessary due diligence and oversight to confirm that these requirements are fulfilled.

78. The accredited entities' and/or executing entities' mechanism should be scaled to the risks and impacts of the activities. The mechanism will facilitate the resolution of grievances promptly through an accessible, fair, transparent and constructive process. It will also be culturally appropriate and readily accessible, at no cost to the public, and without retribution to the individuals, groups, or communities that raised the issue or concern. The mechanism will not impede the access to the independent Redress Mechanism of GCF or to judicial or administrative remedies that may be available through the country systems acknowledging that these localized systems may provide more robust information and reflect better the context of the issues on the ground. The mechanism will take into account the "effectiveness criteria" for non-judicial grievance mechanisms outlined in the United Nations Guiding Principles on Business and Human Rights in order to maximize effectiveness.

### **VIII. Implementation arrangements and resource provision**

79. The policy is an essential component of the overall management framework described as the ESMS of GCF. The implementation of this policy will be through the processes and procedures developed as part of the ESMS, taking into account other relevant policies and the ESS standards of GCF. GCF will have staff with appropriate expertise and will allocate responsibilities and adequate resources to support the effective implementation of this policy.

### **IX. Effective date and review**

80. The policy will become effective upon its approval by the Board. The policy will apply to ongoing activities to the extent reasonably possible and those that will be approved after the effective date<sup>14</sup>.

81. GCF will review and evaluate the overall environmental and social performance based on the objectives of this policy and the ESS standards as discussed in the next paragraph. Appropriate amendments to this policy will be considered, based on the results of such review and evaluation, changes to the ESMS including updates on and development of the ESS standards. In amending this policy, GCF will provide guidance to accredited entities on the implications of such amendments on the accredited entities' environmental and social management systems and their application to ongoing GCF-financed activities.

82. A review of the policy will be undertaken five years after the effective date in order to assess the effectiveness of GCF in achieving the objectives of the policy. This review will include stakeholder consultation and will be supplemented by annual and mid-term operational reviews and reporting, which may lead to improvements in the ESMS, as required.

### **\*DECISION B.07/02(n): Adoption of the initial guiding framework for the Fund's accreditation process, initial fiduciary principles and standards, interim performance standards, and establishment of an Accreditation Committee and an Accreditation Panel**

The Board, having considered document GCF/B.07/02 Guiding Framework and Procedures for Accrediting National, Regional and International Implementing Entities and Intermediaries, Including the Fund's Fiduciary Principles and Standards and Environmental and Social Safeguards:

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<sup>14</sup> Subject to signed Accreditation Master Agreements.

- (n) Further requests the Secretariat, in consultation with the Accreditation Committee and the Accreditation Panel as needed, to develop an environmental and social management system for the Fund, based on the outline contained in Annex VI, which will include guidelines on the categorization of projects by IEs and intermediaries according to the level of environmental and social risk and in accordance with the Fund's interim ESS;

### Annex VI: Outline for the Fund's environmental and social management system

#### **I. Introduction**

1. As noted in GCF/B.06/09, the Fund's environmental and social safeguards (ESS) are a piece of a larger operational framework, which will form a Fund environmental and social management system (ESMS). An ESMS is a set of management processes and procedures that allow an organization to identify, analyse, control and reduce the adverse environmental and social impacts of its activities and maximize any potential environmental and social benefits in a consistent way and to improve the environmental and social standing of the organization and its activities over time. The Fund will continue examining policies, processes and procedures, etc., from many sources in order to derive the best ESMS for the interim and which will be further tailored to Fund activities. The Fund ESMS should be developed to be consistent with accepted evolving international systems for quality and environmental management systems. The initial elements of the Fund's ESMS will include:

##### 1.1 Environmental and social policy

2. The Fund's environmental and social policy will describe the Fund's commitments, roles, and responsibilities related to environmental and social sustainability. This policy will also link with other Fund policies and internal structures such as:

- (a) Fund's information disclosure practice;
- (b) Fund's gender policy;
- (c) Fund's Independent Evaluation Unit;
- (d) Fund's independent redress mechanism.

##### 1.1.1 Standards

3. The Fund's interim ESS (to be customized in the future) and supporting International Finance Corporation (IFC) Guidance Notes (to be customized in the future) set out the standards required for funding proposals. Annex I further elaborates upon the ESS and Annex III contains the Fund's interim ESS and a link to the supporting IFC Guidance Notes.

##### 1.1.2 Process and procedures

4. A scaled risk-based approach will be applied by the accredited entities, which are elaborated upon further in Annex I.

##### 1.1.3 Environmental and social review of the institutional capacities of entities during the accreditation process

5. The accreditation process will review entities to determine if they have the capacity to implement the Fund's interim ESS. The applicant entity also needs to be able to evaluate the executing entities' capacity and commitment to implement the Fund ESS. This process is described further in Annex I.

##### 1.1.4 Monitoring and reporting

6. The Fund will require accredited entities to submit periodic reports of how they are classifying/categorizing and monitoring executing entity funding activities through mechanisms such as reports developed by executing entities, reports developed by independent third parties, and accredited entity site monitoring visits. This submission will include a summary evaluation from the accredited entity of how the executing entity is performing and, if they are not performing, how improved performance is being sought.

7. In all cases, the Fund will have the right to conduct site visits or audits of executing entity projects either with the accredited entity or independently.

##### 1.1.5 Organizational capacity and functions

8. Environmental and social roles and responsibilities within the Fund and between various entities will be elaborated upon and included in the standard legal arrangements between the Fund and its IEs and intermediaries

**ENVIRONMENTALLY SOUND TECHNOLOGIES AND COLLABORATIVE RESEARCH****DECISION B.18/03: Collaborative Research and Development**

The Board, in line with paragraph 38 of the Governing Instrument for the GCF and in response to guidance from Conference of the Parties, having considered document GCF/B.18/12, titled “Options for support for technology collaborative research and development”:

- (a) Takes note of the options outlined in document GCF/B.18/12 for the GCF to support collaborative research, development and demonstration, in respect of the following approaches:
  - (i) Climate technology innovation systems; and
  - (ii) Targeted climate technology research, development and demonstration support;
- (b) Encourages national designated authorities/ focal points to collaborate with readiness delivery partners and accredited entities to submit readiness requests, concept notes, funding proposals and Project Preparation Facility proposals supporting technology collaborative research and development;
- (c) Requests the Secretariat to develop for consideration by the Board at its twentieth meeting the terms of reference for a request for proposals to support climate technology incubators and accelerators;
- (d) Also requests the Secretariat to continue collaborating with the Technology Executive Committee of the UNFCCC and the Climate Technology Centre and Network, including in the implementation of this decision, to enable support for technology development and transfer for facilitating access to environmentally sound technologies and for collaborative research and development for developing countries; and
- (e) Further requests the Secretariat to continue to consider complementarity and coherence with other related technology initiatives and activities, including technology needs assessments and technology action plans, and to report accordingly in the context of the Operational Framework on Complementarity and Coherence adopted in decision B.17/04.

**DECISION B.14/02: Support for facilitating access to environmentally sound technologies and collaborative research and development/enhanced collaboration with related UNFCCC bodies**

The Board, having reviewed document GCF/B.14/02 titled “Support for facilitating access to environmentally sound technologies and for collaborative research and development”,

- (a) Acknowledges that current GCF modalities enable support for technology development and transfer, including for facilitating access to environmentally sound technologies and for collaborative research and development;
- (b) Also acknowledges that guidance, rules, modalities referenced in paragraph (a) above, and procedures that are to be developed to implement the Paris Agreement may require later consideration by the Board, in line with guidance received from the Conference of the Parties to the United Nations Framework Convention on Climate Change and/or the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement once the Paris Agreement enters into force, consistent with Article 10, paragraph 5, of the Paris Agreement,
- (c) Encourages national designated authorities and focal points to access readiness support directly, or to collaborate with readiness delivery partners and accredited entities to submit readiness requests, concept notes, funding proposals and Project Preparation Facility proposals that will facilitate access to environmentally sound technologies,

consistent with a country-driven approach and will encourage the involvement of relevant stakeholders, including vulnerable groups and addressing gender aspects

- (d) Decides to continue enhancing cooperation and coherence of engagement with the Technology Executive Committee and the Climate Technology Centre and Network, pursuant to decisions B.13/10 to B.13/12, including through requesting the Secretariat to provide recommendations on further steps to enhance cooperation and coherence for consideration by the seventeenth meeting of the Board, and in the context of the Fund's operational framework on complementarity and coherence and the annual event with the thematic bodies of the United Nations Framework Convention on Climate Change;
- (e) Encourages national designated authorities/focal points to coordinate with the Climate Technology Centre and Network's national designated entities in order to enhance cooperation; and
- (f) Requests the Secretariat to prepare a document for consideration by the Board at its seventeenth meeting identifying concrete options on how the GCF can support collaborative research and development in developing countries, in line with the operational modalities of the GCF, taking into account decisions B.13/11 and B.13/12, and in the context of operational framework for complementarity and coherence with climate finance delivery channels.

### **POLICIES ON ETHICS AND CONFLICT OF INTEREST**

#### **\*DECISION B.23/08: Adoption of the Policy on ethics and conflicts of interest for active observers and conforming amendments to the policy on prohibited practices**

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.

#### 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;
- (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**<sup>1</sup> 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.

### 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

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<sup>1</sup> Based on definitions used in the Interim Policy, as elaborated in the AML/CFT Policy (decision B.18/10).

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.<sup>2</sup>

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<sup>2</sup> 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.

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.

**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.

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Name of Active Observer

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Signature

Date

**\*DECISION B.13/27: Adoption of the Policy on ethics and conflicts of interest for Board-appointed officials**

The Board, having reviewed document GCF/B.13/21 titled “Policies on ethics and conflicts of interest for other Board appointed officials and active observers”,

- (e) Adopts the Policy on ethics and conflicts of interest for Board-appointed officials of the Green Climate Fund set out in annex V;
- (f) Requests the Ethics and Audit Committee, with the support of the Secretariat, to continue its work on recommended policies on ethics and conflicts of interest for active observers; and
- (g) Also requests the Head of the Independent Integrity Unit to develop administrative guidance on the implementation of the GCF policies on ethics and conflicts of interest, including definitions of terms used in the policies, as soon as possible.

Annex V: Policy on ethics and conflicts of interest for Board- appointed officials

**I. Scope, purpose and applicability**

1. This policy on ethics and conflicts of interest for Board-appointed Officials (hereinafter referred to as the Policy) sets forth principles and ethical standards for the Covered Individuals in connection with, or having a bearing upon, their status and the discharge of their responsibilities in the Green Climate Fund. As these Covered Individuals are entrusted with responsibilities as prescribed in the Governing Instrument for the Green Climate Fund and relevant decisions and policies of the Fund, their personal and professional conduct must comply with the standards and procedures set forth herein.
2. The Policy is in furtherance of the general principles set out in the Governing Instrument that the Fund shall operate in a transparent and accountable manner guided by efficiency and effectiveness.
3. Should a Covered Individual have any doubt as regards to her/his proper course of action in any matter related to this Policy, they shall seek the advice of the Independent Integrity Unit; except, when the Covered Individual is the Head of the Independent Integrity Unit, who in that case shall seek the advice of the Ethics and Audit Committee.
4. Throughout this Policy, when it is stated that any ethical and/or conflict of interest matter concerning a Covered Individual shall be reported, referred, submitted or disclosed by others or by the Covered Individual herself/himself, to the Independent Integrity Unit for guidance, review, investigation, decision or other actions specified in the provision, and when the Covered Individual in question is the Head of the Independent Integrity Unit, the relevant provision should be construed to mean that the matter shall be reported, referred, submitted or disclosed to the Ethics and Audit Committee for guidance, review, investigation, decision or other actions specified in the provision.

**II. Definitions**

5. For the purposes of this Policy, the following terms shall have the meaning set out below:
  - (a) The **Administrative Tribunal** means the tribunal established by the Fund referred to in the Administrative guidelines on Human Resources of the GCF;
  - (b) The **Board** means the Board of the Fund;
  - (c) **Board-appointed Officials** mean the Heads of the Independent Evaluation Unit, the Independent Integrity Unit and the Independent Redress Mechanism, respectively, appointed by the Board;
  - (d) The **Ethics and Audit Committee** means the committee of the Board established by decision B.05/13, paragraph (e);
  - (e) **Covered Individuals** mean the Board-appointed Officials;<sup>1</sup>
  - (f) The **Fund** means the Green Climate Fund;

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<sup>1</sup> This Policy applies to Board-appointed Officials other than the Executive Director to whom the Policy on ethics and conflicts of interest for the Executive Director of the Green Climate Fund Secretariat applies.

- (g) A **Gift** means any gratuity, favour, discount, entertainment, hospitality, loan, forbearance, honorarium or other item having monetary value. These 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;
- (h) The **Governing Instrument** means the Governing Instrument for the GCF;
- (i) The **Headquarters Agreement** means the Agreement between the Republic of Korea and the Green Climate Fund concerning the Headquarters of the Green Climate Fund;
- (j) **Immediate Family Members** mean the Covered Individuals' spouse, partner under applicable legislation, child, mother, father, brother or sister and persons primarily dependent on such an individual for financial support;
- (k) The **Independent Evaluation Unit** means the "independent evaluation unit" referred to in paragraph 60 of the Governing Instrument;
- (l) The **Independent Integrity Unit** means the "independent integrity unit" referred to in paragraph 68 of the Governing Instrument;
- (m) The **Independent Redress Mechanism** means the "independent redress mechanism" referred to in paragraph 69 of the Governing Instrument;
- (n) The **Policy** means this policy on ethics and conflicts of interest for Board-appointed Officials of the Green Climate Fund;
- (o) **Prohibited Practices** means any of the following practices:
  - (i) A "corrupt practice" is the offering, giving, receiving or soliciting, directly or indirectly, anything of value to influence improperly the actions of another entity and/or individual;
  - (ii) A "fraudulent practice" is any act or omission, including a misrepresentation, that knowingly or recklessly misleads, or attempts to mislead, an entity and/or individual to obtain a financial or other benefit, or to avoid an obligation;
  - (iii) A "coercive practice" is impairing or harming, or threatening to impair or harm, directly or indirectly, any entity and/or individual or the property of that entity and/or individual to influence improperly the actions of an entity and/or individual;
  - (iv) A "collusive practice" is an arrangement between two or more entities and/or individuals designed to achieve an improper purpose, including to improperly influence the actions of another entity and/or individual;
  - (v) An "obstructive practice" includes deliberately destroying, falsifying, altering or concealing evidence material to an investigation; making false statements to investigators in order to materially impede an investigation; threatening, harassing or intimidating any entity and/or individual to prevent it and/or him or her from disclosing its and/or their knowledge of matters relevant to the investigation or from pursuing the investigation; or materially impeding the Fund's rights of audit or access to information; and
  - (vi) "Harassment" means unwelcome verbal or physical behaviour that unreasonably interferes with work or creates an intimidating, hostile or offensive work environment;
- (p) The **Secretary to the Board** means the staff member of the Secretariat of the Fund serving as Secretary to the Board;
- (q) The **Secretariat** means the independent Secretariat of the Green Climate Fund referred to in section E of the Governing Instrument; and
- (r) **Short-term trading** means any combination of the buying or selling of securities within a period of six months; and buying or selling of a right or obligation to buy or sell such securities shall be treated as buying or selling the securities.

### III. Basic standard of conduct

6. Covered Individuals shall carry out their responsibilities as prescribed in their terms of reference, their contracts with the Fund and relevant decisions and policies of the Fund, to the best of their ability and judgment, and shall maintain the highest standards of integrity in their personal and professional conduct and observe principles of good governance.

7. In order to reflect the importance of the Policy and the obligations contained in it, Covered Individuals shall, upon their appointment and at the start of each new term of office, read and sign the Declaration of Impartiality and Confidentiality, a template of which is contained in the appendix to the Policy, to be deposited with the Secretary to the Board.

8. Covered Individuals shall not interfere in the political affairs of any State. In the discharge of their duties, Covered Individuals shall not seek or receive instructions from any government.

9. The privileges, immunities, exemptions and facilities which Covered Individuals enjoy under the Headquarters Agreement and any other agreement entered into between the Fund and the governments of other countries are granted in the interest of the Fund and not for the personal benefit of the individuals. Therefore, these privileges, immunities, exemptions and facilities offer no excuse for non-performance of private obligations or failure to observe laws and police regulations.

10. Covered Individuals shall observe the laws of each jurisdiction in which they are present pursuant to their official duties and responsibilities so as not to be perceived as abusing the privileges and immunities *conferred* upon the Fund and upon them. This provision does not abrogate or waive any privileges and immunities which they may enjoy.

11. 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, genetic features, language, religion or belief, political or any other opinion, membership of a national minority, property, birth, disability, age or sexual orientation shall be against the Policy.

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

- (a) Covered Individuals must not act in any manner that will undermine public confidence and trust in the Fund's governance. Covered Individuals will refrain from engaging in Prohibited Practices;
- (b) Covered Individuals must not encourage anyone to take any actions listed under paragraph 12(a) above; and
- (c) Covered Individuals must disassociate from, and report to the Independent Integrity Unit, any suspected misconduct by other Covered Individuals, including those actions listed under paragraph 12(a) above, when it comes to their attention, in accordance with the procedure set out in section XIII below, and must refrain from retaliation against an individual who provides information in good faith about suspected misconduct.

13. In the discharge of their office, Covered Individuals owe their duties entirely to the Fund and no other authority. In implementing decisions of the Fund, Covered Individuals will only take into account considerations relevant to the Fund's objective, functions and operations. Their considerations shall be taken impartially in order to achieve and carry out the purpose and functions of the Fund as set out in the Governing Instrument and the decisions of the Board.

#### **IV. Conflict of interest**

14. A conflict of interest arises when the personal interests of a Covered Individual interfere in any way with her/his official duty or with the interests of the Fund. A conflict of interest may arise when the Covered Individual takes actions or has interests that make it difficult to perform her/his work objectively and effectively, or when the Covered Individual takes actions that intentionally result in improper benefits for herself/himself, Immediate Family Members or other persons or entities. An actual conflict of interest involves a conflict between the official duties of the Covered Individual and her/his personal interests that could improperly influence the performance of those official duties. An apparent conflict of interest arises when it could reasonably be perceived that the Covered Individual's personal interests could improperly influence the performance of her/his official duties even if this is not in fact the case.

15. In performing her/his duties, the Covered Individual shall carry out her/his responsibilities to the exclusion of any personal advantage.

16. Covered Individuals shall endeavour to avoid any situation involving an actual conflict of interest, or the appearance of a conflict of interest. If an actual conflict arises, a Covered Individual shall promptly refer the matter in writing to the Independent Integrity Unit and shall withdraw from attendance or participation in deliberations or decision-making connected with that matter pending guidance from the Independent Integrity Unit. If an appearance of conflict arises, or if there is doubt as to whether a conflict, actual or apparent, exists, the Covered Individual shall promptly refer the matter in writing to the Independent Integrity Unit and/or the Ethics and Audit Committee where relevant, for guidance.

#### **V. Personal financial affairs**

17. Except within the limits specified in this section, during her/his employment with the Fund, a Covered Individual and her/his Immediate Family Members shall avoid having any financial interest in the transactions of the Fund or in projects or enterprises involving the Fund. A Covered Individual shall not use any information not generally available to the public to further her/his private interests or those of any other person or entity.

18. In particular, Covered Individuals or Immediate Family Members must refrain from:

- (a) Short-term trading in securities issued by the Fund;
- (b) Making investments in securities of an entity known by them to be an actual or prospective recipient of the Fund's financing, investment or guarantee; or

- (c) Making investments in securities of any company or other entity upon whose board of directors or trustees the Covered Individual served.
19. If a Covered Individual or an Immediate Family Member has or comes into possession of any securities referred to in paragraph 18 above, the Covered Individual must make immediate arrangements for her/his prompt divestiture.
20. However, the foregoing shall not include the management of any private investments of the Covered Individual provided that such investments do not constitute substantial control in the enterprise or enterprises concerned and that the Covered Individual conducts her/his private business affairs in such a manner as to avoid a conflict of interest between her/him and the interest of the Fund.
21. Covered Individuals shall seek the guidance of the Independent Integrity Unit prior to undertaking financial transactions that may be restricted by this section (section V) or provisions of this Policy. In the event that the Covered Individual is the Head of the Independent Integrity Unit, the matter shall be referred to the Chair of the Ethics and Audit Committee.

### VI. Disclosure of financial and business interests

22. A Covered Individual shall promptly disclose to the Independent Integrity Unit any financial or business interest that she/he or an Immediate Family Member has, which might reflect unfavourably on the Fund or which might be in actual or perceived conflict with her/his duties. Upon such disclosure, the Covered Individual shall refrain from taking any action as a Board-appointed Official that might affect such an interest, except as otherwise directed by the Board.
23. Covered Individuals must file annually until separation from the Fund, a financial interest disclosure form in a form and manner to be proposed by the Chief Financial Officer of the Fund and approved by the Ethics and Audit Committee. In the event that a financial disclosure reveals a conflict of interest, the Independent Integrity Unit will provide advice on how to obviate or mitigate the conflict.

### VII. Outside activities and other employment

24. Covered Individuals, upon joining the Fund, shall devote themselves to the activities of the Fund on a full-time basis and dissociate from any other public or private position that they may hold. The Covered Individual shall not, without the prior written approval of the Ethics and Audit Committee, accept any position or obligation or have any interest directly or indirectly in any activity which is incompatible with the discharge of her/his duties in the Fund other than positions related to pro bono activities unrelated to the Fund.
25. **Previous Association:** A Covered Individual shall not be personally involved in a Fund transaction involving a former employer, as:
- (a) A recipient or beneficiary of the Fund's financing, investments or guarantees;
- (b) A guarantor of any such financing; or
- (c) A supplier of goods or services to the Fund, except as authorized by the Ethics and Audit Committee.
26. **Prospective employment:** When seeking, negotiating for, or entering into an arrangement concerning prospective employment outside the Fund for herself/himself or for Immediate Family Members, Covered Individuals shall not allow such circumstances to influence the performance of their duties and must not exercise any responsibility with respect to a Fund transaction in which a prospective employer has or may have an interest.
27. **Subsequent Employment:** A Covered Individual shall not be eligible, within one year after her/his separation from the Fund, to seek, apply or take up appointment as a Fund staff member, engagement as a Fund consultant, or any other work remunerated by the Fund. The Ethics and Audit Committee may waive this provision in exceptional circumstances. A request for such waiver must be submitted to the Ethics and Audit Committee before she/he or her/his Immediate Family Member applies for employment with the Secretariat.

### VIII. Publications and public speaking

28. Covered Individuals during the term of her/his appointment may not, outside her/his official duties:
- (a) Publish, cause to be published, or assist in the publication of any book, pamphlet, article, letter or other document relating to the policies or activities of the Fund or on any national political questions;
- (b) Deliver any speech or presentation, broadcast through radio, television or other electronic media or hold press conferences or grant press interviews on such policies, activities or questions; or
- (c) Speak on behalf of the Fund or state its policies as a participant in any seminar or conference.
29. When speaking in public, Covered Individuals shall make clear in what capacity they are speaking and comply with the requirements of section IX of this Policy.

### **IX. Disclosure of information**

30. Covered Individuals shall at all times observe the applicable policies of the Fund regarding disclosure of information.

31. A Covered Individual shall protect the security of any information obtained in the performance of her/his duties that is not otherwise available to the public and, except as required to perform her/his duties, the Covered Individual shall not use such information or disclose it to others who she/he knows or should know are not authorized by the Fund to receive such information. The provisions of this paragraph shall continue to apply to Covered Individuals after their term of service has expired.

32. Covered Individuals shall not use, or allow the use of, unpublished and/or confidential information known to them by reason of their official position with the Fund to private advantage, directly or indirectly, or for any interest contrary to the interests of the Fund.

### **X. Political and external activities and interests**

33. Covered Individuals may exercise their political rights, but shall refrain from participation in political activities that may interfere or conflict with their duties or status as Covered Individuals. A Covered Individual must resign her/his position immediately if such a Covered Individual becomes a candidate for any national public office of a political character or accepts a nomination for such an office.

### **XI. Gifts and awards**

34. 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 a Covered Individual's position in relation to the Fund and interests that could be substantially affected by the Fund, except when such gifts are allowable under the provisions referred to in paragraph 35 below.

35. Covered Individuals may accept unsolicited gifts when refusal to do so would embarrass the gift provider or the Fund or otherwise would not be in the interest of the Fund, such as when a refusal to accept would be considered impolite, provided that such gifts over USD 100 shall be reported to the Independent Integrity Unit. Except when impractical (such as in the case of meals), gifts accepted on behalf of the Fund will be turned over to the Secretariat and handled in accordance with the procedures developed for that purpose.

36. Covered Individuals shall not accept, without authorization by the Board, any honours, decorations or favours from any government, or from any other authority or person external to the Fund in connection with services rendered during their term of office with the Fund.

### **XII. Conduct within the institution**

37. Covered Individuals shall treat their colleagues and other staff of the Fund with courtesy and respect.

38. Covered Individuals shall exercise adequate control and supervision over matters for which they are individually responsible and the resources for which they are entrusted, and shall know and observe the budgetary standards and restrictions prescribed under relevant Fund policy. A Covered Individual shall ensure that the property and services of the Fund are used by herself/himself and persons in her/his offices only for the official business of the Fund.

### **XIII. Procedures for handling allegations of misconduct**

39. Allegations of misconduct and/or breach of this Policy made by another official of the Fund, or by any individual or entity, against a Covered Individual, shall be submitted in writing and in confidence to the Independent Integrity Unit which shall bring any such allegation to the attention of the Ethics and Audit Committee for its consideration in accordance with the procedures set forth in this Policy.

40. The Covered Individual shall not be presumed to have engaged in the alleged misconduct until such time as the Independent Integrity Unit determines that there is sufficient evidence to establish, on a balance of probabilities, that the alleged misconduct did occur.

41. As soon as is practicable, the Independent Integrity Unit shall review the allegations and determine whether they are credible and whether it is appropriate for the Independent Integrity Unit to take action. If the Independent Integrity Unit determines the allegations do not appear credible and do not warrant further investigation, it will decide to take no further action.

42. If the Independent Integrity Unit determines that the allegation of misconduct is credible and warrants further investigation, it will conduct such an investigation and inform the Board, through a confidential document thereof. Based on the findings of the investigation, the Independent Integrity Unit shall prepare and submit a confidential report to the Board, with a recommendation on whether the facts indicate that misconduct occurred, and if so, what action may be appropriately taken by the Board. The Independent Integrity Unit may also appoint an outside investigator of high professional standing and experience to assist it in gathering facts and evidence after informing the Board. Any outside investigator appointed by the Independent Integrity Unit shall comply with the policy on disclosure of information. Any outside investigator shall have access to all pertinent records, documents and officials of the Fund, as it determines necessary to perform its investigations.

43. Based on the findings of the Independent Integrity Unit and after having heard and duly considering representations from the Covered Individual, it is for the Board to decide what action should be taken with respect to such a Covered Individual. Appropriate measures may include written censure, suspension from duties pending investigation, termination of employment or any other appropriate action by the Board.

44. The Covered Individual shall be provided immediately with notice of any allegation of misconduct. The Covered Individual shall also be provided with all relevant documentation and the opportunity to present his or her views within 15 working days, regarding the allegations to the Independent Integrity Unit before it makes its determination, and to the Board, before it takes any decisions, as set out in these procedures:

- (a) Whether to conduct an investigation; or
- (b) Whether the facts indicate that misconduct occurred, and if so, what action may be appropriately taken by the Board.

45. The Covered Individual, if alleged to have committed misconduct, shall have the duty to cooperate fully with the Board, the Independent Integrity Unit, and any outside investigators appointed by the Independent Integrity Unit in all stages of the consideration and investigation of the allegations of misconduct. The Covered Individual, if alleged to have committed misconduct, shall be allowed to be accompanied by up to two advisers of her/his choice at her/his own cost.

46. Upon initiation of an investigation, the Covered Individual shall follow such recusal or other measures as the Independent Integrity Unit may determine, on a temporary basis pending a Board decision, as necessary to prevent irreparable harm to the Fund.

47. The Covered Individual may submit an appeal to the Board within 30 days with respect to any action taken by the Independent Integrity Unit against her/him, which shall be decided promptly, and may seek further consideration by the Administrative Tribunal against any decision taken by the Board against her/him.

48. The process and internal deliberations of the Independent Integrity Unit and the Board, involving allegations of misconduct by the Covered Individual, shall be kept strictly confidential. However, in line with Board practices any decision by the Board, based on the outcome of such a process and deliberation, will be made public.

**XIV. Effective date of application**

49. This Policy shall take effect on the date of adoption by the Board.

**Appendix: Declaration of impartiality and confidentiality of Board-appointed officials of the Green Climate Fund**

I solemnly declare that I will perform my duties and responsibilities as the Head [of the Independent Integrity Unit] [of the Independent Evaluation Unit] [of the Independent Redress Mechanism] of the Green Climate Fund honourably, faithfully and conscientiously.

I solemnly declare and promise that I shall have no personal financial interest in any matters which I am involved in performing my duties for the Green Climate Fund.

I solemnly declare that I accept and will be bound by the Policy on ethics and conflict of interest for Board-appointed official 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 policy 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 policy of the Fund.

I shall disclose to the [Independent Integrity Unit] [Ethics and Audit Committee], as the case may be, any interest in any matter 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 the Head [of the Independent Integrity Unit] [of the Independent Evaluation Unit] [of the Independent Redress Mechanism].

\_\_\_\_\_ Name of the Board-appointed official

\_\_\_\_\_ Signature

**DECISION B.10/13: Adoption of policies on ethics and conflict of interest for external members of GCF panels and groups and for the Executive Director**

The Board, having reviewed document GCF/B.10/13/Rev.01 Policies on Ethics and Conflicts of Interest:

- (a) Adopts the Policy on Ethics and Conflicts of Interest for External Members of Green Climate Fund Panels and Groups as set out in Annex XXVI to this document (the Policy);
- (b) Decides that, solely in respect of the role of the Independent Integrity Unit (IIU) under the Policy, the Ethics and Audit Committee will fulfil such role on a temporary basis until the IIU shall have become operational;
- (c) Adopts the Policy on Ethics and Conflicts of Interest for the Executive Director of the Green Climate Fund Secretariat as set out in Annex XXVII to this document (the Executive Director Policy);
- (d) Decides to authorize the Ethics and Audit Committee to carry out the responsibilities assigned to it in the Executive Director Policy; and
- (e) Requests the Ethics and Audit Committee, with the support of the Secretariat, to continue its work on recommended policies on ethics and conflicts of interest for the other Board appointed officials and active observers.

Annex XXVI: Policy on ethics and conflicts of interest for external members of the Green Climate Fund panels and groups

**I. Scope, purpose and applicability**

1. This policy on ethics and conflicts of interest for external members of panels and groups sets out principles and ethical standards for the external members serving on panels and groups established by the Board of the Green Climate Fund (the Fund) in connection with, or having a bearing upon, their status and responsibilities in the Fund. As these members shall assist the Board in conducting its business and in performing its functions, their professional and personal conduct must comply with the ethical standards and procedures set out herein.

2. The Policy is in furtherance of the general principle set out in the Governing Instrument for the Green Climate Fund that the Fund shall operate in a transparent and accountable manner guided by efficiency and effectiveness.

**II. Definitions**

3. For the purposes of the Policy, the following terms shall have the meaning set out below:

- (a) Associated Institution means:
  - (i) Any entity, agency, organization, corporation, administration or similar institution in which a Covered Individual is serving as an officer, director, Stakeholder, trustee, partner or employee or for which the Covered Individual is working as consultant, that receives or may receive directly or indirectly, funding from the Fund or with which the Fund has, either directly or through an intermediary, an agreement, contract, grant, understanding, arrangement or relationship; or
  - (ii) Any entity, agency, organization, corporation, administration or similar institution with which a Covered Individual is applying for, or negotiating to have, an arrangement concerning employment or consultancy;
- (b) Board means the Board of the Fund;
- (c) Covered Individual means the external members of technical and expert panels and groups referred to in paragraph 18 (g) of the Governing Instrument and paragraph 32 of the Rules of Procedure of the Board;
- (d) Ethics and Audit Committee means the committee of the Board established by decision B.05/13, paragraph (e);
- (e) Executive Director means the executive director of the Fund as referred to in paragraph 20 of the Governing Instrument;
- (f) External Member means an expert procured, selected and contracted by the Secretariat on behalf of the Fund and serving as an external member on a panel or group established by the Board;
- (g) Fund means the Green Climate Fund;
- (h) Gift means any gratuity, favour, discount, entertainment, hospitality, loan, forbearance, honorarium or other item having monetary value. These 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;
- (i) Governing Instrument means the Governing Instrument for the Green Climate Fund;
- (j) Immediate Family Members means a Covered Individual's spouse, partner under domestic legislation, child, mother, father, brother or sister and persons primarily dependent on such an individual for financial support;

- (k) Independent Integrity Unit means the independent integrity unit referred to in paragraph 68 of the Governing Instrument;
- (l) Panel or Group means panels and groups established by the Board of the Green Climate Fund;
- (m) Policy means this policy on ethics and conflicts of interest for external members on panels and groups;
- (n) Prohibited Practices means any of the following practices:
  - (i) A “corrupt practice” is the offering, giving, receiving or soliciting, directly or indirectly, anything of value to influence improperly the actions of another entity and/or individual;
  - (ii) A “fraudulent practice” is any act or omission, including a misrepresentation, that knowingly or recklessly misleads, or attempts to mislead, an entity and/or individual to obtain a financial or other benefit, or to avoid an obligation;
  - (iii) A “coercive practice” is impairing or harming, or threatening to impair or harm, directly or indirectly, any entity and/or individual improperly or the property of that entity and/or individual to influence improperly the actions of an entity and/or individual;
  - (iv) A “collusive practice” is an arrangement between two or more entities and/or individuals designed to achieve an improper purpose, including to improperly influence the actions of another entity and/or individual;
  - (v) An “obstructive practice” includes deliberately destroying, falsifying, altering or concealing evidence in an investigation; making false statements to investigators in order to materially impede an investigation; threatening, harassing or intimidating any entity and/or individual to prevent it or he/she from disclosing its or his/her knowledge of matters relevant to the investigation or from pursuing the investigation; or materially impeding the Fund’s rights of audit or access to information; and
  - (vi) “Harassment” means unwelcome verbal or physical behaviour that unreasonably interferes with work or creates an intimidating, hostile or offensive work environment;
- (o) **Secretary to the Board** means the member of the Staff serving as Secretary to the Board;
- (p) **Staff** means all staff of the Secretariat of the Fund, including the Executive Director, as described in paragraph 21 of the Governing Instrument; and
- (q) Stakeholder means a person having a proprietary or economic interest in an entity.

### III. Basic standard of conduct

4. Covered Individuals shall carry out their responsibilities as prescribed in the Governing Instrument, their respective agreements with the Fund and the Terms of Reference of the relevant Panel and Group, and comply with all applicable current and future policies of the Fund, to the best of their ability and judgement and shall maintain the highest standards of integrity and ethics in their personal and professional conduct, and observe principles of good governance.
5. In order to reflect the importance of the Policy and the obligations contained in it, Covered Individuals shall, upon their appointment read and sign the Declaration of Office, a template of which is contained in Appendix I herein, to be deposited with the Secretary to the Board.
6. Covered Individuals shall observe the laws of each jurisdiction in which they are present pursuant to their official duties and responsibilities, associated with the Fund, so as not to be perceived as abusing the privileges and immunities conferred upon the Fund and upon them. This provision does not abrogate or waive any privileges and immunities which they may enjoy.
7. Covered Individuals shall, in their interactions with others at the Fund, 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, genetic features, language, religion or belief, political or any other opinion, membership of a national minority, property, birth, disability, age or sexual orientation shall be against the Policy.
8. Covered Individuals, shall abide by the following standards of conduct:
  - (a) Covered Individuals must not act in any manner that will undermine public confidence and trust in the Fund. In particular, Covered Individuals will refrain from engaging in Prohibited Practices;
  - (b) Covered Individuals must not encourage anyone to take any actions listed under paragraph 8 (a) above; and
  - (c) Covered Individuals must disassociate from, and report to the Independent Integrity Unit, any suspected misconduct by other Covered Individuals or other individuals associated with the Fund, including those actions listed under paragraph 8 (a) above when it comes to their attention, in accordance with the procedure set out in Chapter IV below, and to refrain from retaliation against an individual who provides information in good faith about suspected misconduct.

### IV. Non-compliance with the Policy

9. Alleged breaches of a provision of the Policy by a Covered Individual or their Immediate Family Members shall be referred by the Secretariat, or by any individual or entity, to the Independent Integrity Unit pursuant to the procedure set out in Appendix II to the Policy.

10. The Independent Integrity Unit shall, upon formally establishing the breach of a provision of the Policy, after due enquiry, notify the Executive Director and the Ethics and Audit Committee of its findings with a recommendation on action to be taken against the Covered Individual. If, at any time during the investigation, the Independent Integrity Unit considers that it would be prudent, as a precautionary measure or to safeguard information, to recommend placement of limits on the official activities of the Covered Individual or to recommend that he or she be suspended from duty, the Independent Integrity Unit shall refer the matter to the Executive Director for appropriate action.

11. The Executive Director may, in consultation with the Ethics and Audit Committee, where upon it being formally established after due enquiry by the Independent Integrity Unit that there has been a breach of a provision of this Policy, take the following action against a Covered Individual:

- (a) Termination of the appointment of such Covered Individual; and/or
- (b) Instruction that the Covered Individual in question shall be ineligible for any future appointment or to serve in any capacity with the Fund indefinitely or for a limited period of time.

The Independent Integrity Unit shall inform the Board of its findings in the event that it establishes a breach. The Independent Integrity Unit shall also, after consultation with the Executive Director, inform the Board whether such findings reveal that the breach in question tangibly affected the operations of the Fund, thus requiring remedial action.

12. The procedures for handling allegations of a breach of the Policy may be amended by the Board, upon the recommendation of the Ethics and Audit Committee.

### V. Conflicts of interest

13. A conflict of interest arises when a Covered Individual has interests that could, or could reasonably be perceived to, improperly influence the activities of the Fund and the policy decisions of the Board, as well as the Covered Individual's performance of official duties or responsibilities, contractual obligations or compliance with applicable laws and regulations.

14. 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 could affect the conduct of his or her duties and responsibilities with respect to the Fund or result in a reasonable perception that a conflict of interest exists;
- (b) Where Covered Individual's actions create the perception that s/he is using his or her position at the Fund for the benefit of an Immediate Family Member or an Associated Institution; and
- (c) Where Covered Individuals hold positions in government or non-governmental organizations which engage with the Fund, or who are working in, or have a contractual arrangement, as consultants or otherwise, with an Associated Institution, accredited entity or entity seeking or receiving funding from the Fund.

15. If an appearance of a conflict of interest arises, or if there is doubt whether a conflict, actual, apparent or perceived, exists, the Covered Individual concerned shall promptly refer the matter in writing to the head of the Independent Integrity Unit for guidance.

16. In order to avoid conflicts of interest, Covered Individuals shall submit to the Independent Integrity Unit a list of their functions and roles outside the Fund and any financial or business interests which may reflect unfavourably upon the Fund or which may be in actual or perceived conflict with her/his duties, and shall update such list if and when required to reflect amendments.

17. All Covered Individuals shall disclose existing and potential conflicts of interest upon consideration for appointment to any Panel or Group and before every relevant Panel or Group meeting.

18. During the course of a Panel or Group meeting, a Covered Individual with an actual, perceived or potential conflict of interest shall disclose the conflict to the chair of the meeting as soon as possible upon learning of a possible conflict of interest and under no circumstances later than the beginning of discussion of the relevant agenda item, and recuse her/himself from participating in the proceedings of that item.

### VI. Procedure when a conflict of interest arises

19. All actual or potential conflicts of interest or the reasonable appearance thereof shall be immediately disclosed in writing to the Independent Integrity Unit. In addition, others such as the Secretariat may bring an actual or potential conflict of interest of a Covered Individual to the attention of the Independent Integrity Unit.

20. The Independent Integrity Unit 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 the Covered Individual may participate in any discussion of the issue that has given rise to the conflict. The Independent Integrity Unit may also, at its discretion, bring any conflicts of interest issues to the entire Board for further consideration and decision.

21. When it is determined by the Independent Integrity Unit 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 Independent Integrity Unit.

22. If the determination affects a Covered Individual, such Covered Individual may appeal the decision to the Board.

### **VII. Future employment**

23. When seeking, negotiating for, or entering into an arrangement concerning prospective employment outside the Fund for themselves or for Immediate Family Members, Covered Individuals shall not allow such circumstances to influence the performance of their duties nor may they have any involvement with respect to a Fund decision in which a prospective employer has or may have an interest.

24. A Covered Individual shall not apply for or accept any employment, including as a consultant, with an entity applying, or reasonably likely to apply, for accreditation with the Fund, unless disclosed to, and approved by the Independent Integrity Unit. The Independent Integrity Unit will assess whether an actual or potential conflict of interest exists in these circumstances and, if so, the remedy to address such conflict.

25. Employment by the Secretariat: Any Covered Individual and Immediate Family Member shall not be eligible for employment by the Fund, 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 Independent Integrity Unit may waive this provision only in exceptional circumstances. A request for such a waiver must be submitted by the individual concerned to the Independent Integrity Unit before s/he applies for employment by the Fund. A decision by the Independent Integrity Unit granting such a waiver shall state the circumstances justifying the decision. The Fund shall not take action on or accept an application for employment from such an individual unless a waiver has been granted by the Independent Integrity Unit.

### **VIII. Transparency and disclosure of information**

26. 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 at all times they shall respect the confidentiality of such information and shall not use such information 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. They shall comply with the information disclosure policies of the Fund. The provisions of this paragraph shall continue to apply to Covered Individuals after their service as a Covered Individual has ended.

27. Covered Individuals shall consult the Independent Integrity Unit if they have doubts as to whether certain information is deemed confidential. The determination of the Independent Integrity Unit is final.

28. If a Covered Individual believes that confidential information may have been improperly disclosed, s/he shall promptly inform the Independent Integrity Unit and the Executive Director.<sup>1</sup>

29. Covered Individuals may not:

- (a) Communicate any unpublished and/or confidential information known to them by reason of their official position to any person within or outside the Fund who they know or should know is not authorized by the Fund to receive such information; or
- (b) Use, or allow the use of, unpublished and/or confidential information known to them by reason of their official position with the Fund to private advantage, directly or indirectly, or for any interest contrary to the interests of the Fund. In complying with the above obligations, which continue after separation from the Fund, Covered Individuals must scrupulously observe the rules and procedures established by the Fund to protect unpublished and/or confidential information; and
- (c) Publications and Public Speaking

Covered Individuals during the term of their appointment or service may not:

- (i) Publish, cause to be published, or assist in the publication of any book, pamphlet, article, letter or other document relating to the policies or activities of the Fund or on any national political questions;
- (ii) Deliver any speech or presentation, broadcast through radio, television or other electronic media, or hold press conferences or grant press interviews on such policies, activities or questions; or
- (iii) Speak on behalf of the Fund or state its policies as a participant in any seminar or conference.

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<sup>1</sup> 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.

**IX. Gifts and entertainment**

- 30. 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.
- 31. 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.
- 32. A Covered Individual may accept unsolicited Gifts on behalf of the Fund when refusal to do so would embarrass the Gift provider or the Fund or otherwise not be in the interest of the Fund, such as when a refusal to accept would be considered impolite. Except when impractical (such as in the case of meals), Gifts accepted on behalf of the Fund will be turned over to the Secretariat and handled under applicable current and future Fund procedures and guidelines for dealing with Gifts.

**X. Previous involvement in decision-making processes**

- 33. Except where expressly authorized by the Independent Integrity Unit, Covered Individuals must not be involved in any decision-making process to determine the selection of any entity if they are or were previously employed or otherwise associated with such entity, which is:
  - (a) A supplier of goods and/or services to the Fund;
  - (b) A recipient or beneficiary of Fund financing; or
  - (c) A guarantor of any such financing.

**XI. Review and amendment**

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

**XII. Effective date**

- 35. The Policy shall come into effect upon adoption by the Board, and shall remain in effect until amended or superseded by the Board.
- 36. Covered Individuals already in office at the time the Policy comes into effect shall submit the signed Declaration of Office promptly upon the effective date of the Policy in accordance with paragraph 5 above.
- 37. Amendments to the Policy and any amendments thereto, shall come into effect in accordance with paragraph 35 above.

Appendix I: Declaration of Office of External Members of \_\_\_\_\_ [Panel/Group] of the Green Climate Fund

I solemnly declare that I will perform my duties and responsibilities as a member of \_\_\_\_\_ [Panel/Group] of the Green Climate Fund honourably, faithfully, and conscientiously.

I solemnly declare and promise that I shall have no personal interest in any matter I am involved with in performing my duties on the \_\_\_\_\_ [Panel/Group] 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 external members of Green Climate Fund Panels and Groups.

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. The provisions of this paragraph shall continue to apply after my service as a member of the Panel/Group has ended.

I shall disclose to the Independent Integrity Unit any interest in any matter under consideration by the Panel/Group which may constitute a conflict or potential conflict of interest or which might be incompatible with the requirements of integrity and transparency in my functions as a member of the Panel/Group and I shall refrain from participating in the work of the Panel/Group in relation to such a matter, unless a waiver has been granted by the Independent Integrity Unit.

Full Name

\_\_\_\_\_

Signature

\_\_\_\_\_

Date

### Appendix II: Procedures for Handling Allegations of Misconduct

1. Charges of misconduct and/or breaches of the policy on ethics and conflicts of interest for external members of panels and groups, made by any individual or entity against a Covered Individual or their Immediate Family Members, shall be submitted in writing and in confidence to the Head of the Independent Integrity Unit.
2. The Covered Individual concerned shall not be presumed to have engaged in the alleged misconduct until such time as the Independent Integrity Unit decides that there is sufficient evidence to establish, on a balance of probabilities that the alleged misconduct did occur.
3. As soon as is practicable, the Independent Integrity Unit shall review the allegations and determine whether they are credible and whether they are appropriate for taking action by the Independent Integrity Unit. If the allegations do not appear credible, the Independent Integrity Unit may decide to take no further action. If the allegations appear credible and appropriate for taking action by the Independent Integrity Unit, it shall take such action promptly.
4. As soon as is practicable, based on the findings of the investigation, the Independent Integrity Unit shall make a recommendation to the Executive Director and the Ethics and Audit Committee whether the facts indicate that the misconduct occurred, and if so, what measures may be appropriately imposed. The Executive Director shall take a final decision, in consultation with the Ethics and Audit Committee, based on the findings and recommendations of the Independent Integrity Unit.
5. The Executive Director may, after consultation with the Ethics and Audit Committee, where upon it being formally established after due enquiry by the Independent Integrity Unit that there has been a breach of a provision of this policy, take the following action against the Covered Individual in question:
  - (a) Termination of the appointment of such Covered Individual; and/or
  - (b) Instruction that the Covered Individual in question shall be ineligible for any future appointment or to serve in any capacity with the Fund indefinitely or for a limited period of time; and
  - (c) In addition, the Executive Director shall inform the Board of the findings of the Independent Integrity Unit and the action taken against the Covered Individual.
6. Each Covered Individual, if alleged to have committed misconduct, shall be provided with timely notice of the allegations, all relevant documentation and the opportunity to present his or her views regarding the allegations to the Independent Integrity Unit before it makes its determination, and to the Executive Director, before s/he takes any decisions, as set out in these procedures:
  - (a) Whether to conduct an investigation; or
  - (b) Whether the facts indicate that the misconduct occurred, and if so, what measures may be appropriately imposed.
7. In exceptional cases, the Independent Integrity Unit may permit the individual who is alleged to have committed misconduct to be accompanied by an advisor of her/his choice.
8. If a charge of misconduct under this Policy is made against a Covered Individual, the following interim measures may be taken by the Executive Director, after consultation with the Ethics and Audit Committee, pending investigation of the charges against the Covered Individual:
  - (a) Limit/Denial of access. The Covered Individual's access to the Fund or Fund premises (including files, electronic databases and e-mail facilities) may be limited or denied; and/or
  - (b) Temporary removal from Panel/Group. The Covered Individual may be asked to abstain from work on the Panel/Group, either with or without remuneration.
9. Any Staff member who makes frivolous or knowingly false allegations against a Covered Individual shall be subject to disciplinary procedures in accordance with the Fund's HR Guidelines. Frivolous or knowingly false allegations made by a Covered Individual shall be considered a violation of the Policy and will be subject to the procedures of this Policy.

### Annex XXVII: Policy on Ethics and Conflicts of Interest for the Executive Director of the Green Climate Fund Secretariat

#### **I. Scope, purpose and applicability**

1. This policy on ethics and conflicts of interest sets forth principles and ethical standards for the Executive Director in connection with, or having a bearing upon her/his status and the discharge of her/his responsibilities as the Executive Director of the Green Climate Fund Secretariat. As the Executive Director is entrusted with responsibilities as prescribed in the Governing Instrument for the Green Climate Fund and relevant decisions and policies of the Green Climate Fund (the Fund), her/his personal and professional conduct must comply with the standards and procedures set forth herein.

2. The Policy is in furtherance of the general principles set out in the Governing Instrument for the Green Climate Fund that the Fund shall operate in a transparent and accountable manner guided by efficiency and effectiveness.
3. Should the Executive Director have any doubt as regards her/his proper course of action in any matter related to this Policy, s/he shall seek the advice and guidance of the Ethics and Audit Committee.

### II. Definitions

4. For the purposes of this Policy, the following terms shall have the meaning set out below:
  - (a) Administrative Tribunal means the tribunal to be established by the Fund to deal with disputes between staff and the Fund referred to in the Administrative Guidelines on Human Resources;
  - (b) Board means the Board of the Fund;
  - (c) Ethics and Audit Committee means the committee of the Board established by decision B.05/13 paragraph (e);
  - (d) Executive Director means the Executive Director heading the Secretariat and appointed by and accountable to the Board pursuant to paragraph 20 of the Governing Instrument;
  - (e) Fund means the Green Climate Fund;
  - (f) Gift means any gratuity, favour, discount, entertainment, hospitality, loan, forbearance, honorarium or other item having monetary value. These 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;
  - (g) Governing Instrument means the Governing Instrument for the Green Climate Fund;
  - (h) Harassment means unwelcome verbal or physical behaviour that unreasonably interferes with work or creates an intimidating, hostile or offensive work environment;
  - (i) Headquarters Agreement means the Agreement between the Republic of Korea and the Green Climate Fund concerning the Headquarters of the Green Climate Fund;
  - (j) Immediate Family Members means the Executive Director's spouse, partner under domestic legislation, child, mother, father, brother or sister and persons primarily dependent on such an individual for financial support;
  - (k) Independent Integrity Unit means the independent integrity unit referred to in paragraph 68 of the Governing Instrument;
  - (l) Policy means this policy on ethics and conflicts of interest for the Executive Director of the Green Climate Fund;
  - (m) Secretary to the Board means the staff member of the Secretariat of the Fund serving as Secretary to the Board; and
  - (n) Secretariat means the Secretariat of the Green Climate Fund referred to in Section E of the Governing Instrument.

### III. Basic standard of conduct

5. The Executive Director shall carry out her/his responsibilities as prescribed in the terms of reference for her/his post, her/his contract with the Fund and relevant decisions and policies of the Fund, to the best of her/his ability and judgment, and shall maintain the highest standards of integrity in her/his personal and professional conduct and observe principles of good governance. In view of the high office that the Executive Director holds, s/he shall at all times conduct her/himself in keeping with the dignity of that office. The terms of her/his employment contract with the Fund shall be consistent with this policy.
6. The Executive Director shall not interfere in the political affairs of any State. In the discharge of her/his office, the Executive Director shall not seek or receive instructions from any government or authority otherwise than in conformity with the Governing Instrument.
7. In the discharge of her/his office the Executive Director owes a duty entirely to the Fund and no other authority. In implementing decisions of the Fund, the Executive Director will only take into account considerations relevant to the Fund's purpose, functions and operations. Her/his considerations shall be taken impartially in order to achieve and carry out the purpose and functions of the Fund as set out in the Governing Instrument and/or determined by the Board.
8. In the performance of her/his functions the Executive Director shall act with tolerance, sensitivity and respect for cultural differences and must show respect for varied cultures, beliefs and backgrounds. S/he must avoid behaviour that constitutes Harassment or bullying or that can be perceived by others as Harassment or bullying.
9. The privileges, immunities, exemptions and facilities which the Executive Director enjoys under the Headquarters Agreement and any other agreement entered into between the Fund and governments of other countries are granted in the interest of the Fund and not for the personal benefit of the individual. Therefore, these privileges, immunities, exemptions and facilities offer no excuse for non-performance of private obligations or failure

to observe laws and police regulations. The Executive Director is expected to satisfy in good faith her/his obligations as resident of the host country of the Fund, including all applicable personal obligations outside the Fund, the non-fulfilment of which could reflect unfavourably upon her/his position as the Executive Director or could affect the efficient performance of her/his duties.

#### **IV. Local laws**

10. The Executive Director shall observe the laws of each jurisdiction in which s/he is present pursuant to her/his duties so as not to be perceived as abusing the privileges and immunities conferred upon the Fund and upon her/him. This does not abrogate or waive any of the privileges or immunities which s/he enjoys.

#### **V. Conflict of interest**

11. **Conflict of Interest.** A conflict of interest arises when the personal interests of the Executive Director interfere in any way with her/his public duty or with the interests of the Fund. A conflict of interest may arise when the Executive Director takes actions or has interests that make it difficult to perform her/his work objectively and effectively, or when the Executive Director takes actions that intentionally result in improper benefits for her/himself, Immediate Family Members or other persons or entities. An actual conflict of interest involves a conflict between the official duties of the Executive Director and her/his personal interests that could improperly influence the performance of those official duties. An apparent conflict of interest arises when it could reasonably be perceived that the Executive Director's personal interests could improperly influence the performance of her/his official duties even if this is not in fact the case.

12. In performing her/his duties, the Executive Director shall carry out her/his responsibilities to the exclusion of any personal advantage.

13. The Executive Director shall endeavour to avoid any situation involving an actual conflict, or the appearance of a conflict, between her/his personal interests and the performance of her/his official duties. If an actual conflict arises, the Executive Director shall promptly refer the matter in writing to the Chair of the Ethics and Audit Committee and shall withdraw from attendance or participation in deliberations or decision-making connected with that matter pending guidance from the Ethics and Audit Committee. If an appearance of conflict arises, or if there is doubt whether a conflict, actual or apparent, exists, the Executive Director shall promptly refer the matter in writing to the Chair of the Ethics and Audit Committee for guidance.

#### **VI. Personal financial affairs**

14. Except within the limits specified in this Section VI, during her/his employment with the Fund the Executive Director or her/his Immediate Family Members shall avoid having any financial interest in transactions of the Fund or in projects or enterprises involving the Fund. The Executive Director shall not use any information not generally available to the public to further her/his private interests or those of any other person or entity.

15. In particular, the Executive Director or Immediate Family Members must refrain from:

- (a) Short-term trading in securities issued by the Fund;
- (b) Making investments in securities of an entity known by her/him to be an actual or prospective recipient of the Fund's financing, investment or guarantee; or
- (c) Making investments in securities of any company or other entity upon whose board of directors or trustees the Executive Director serves or served as part of her/his duties for the Fund, except with respect to qualifying shares required by law or by the articles of such company or other entity.

16. If the Executive Director or an Immediate Family Member has or comes into possession of any securities referred to in paragraph 15 above, the Executive Director must make immediate arrangements for their prompt divestiture.

17. However; the foregoing shall not include the management of any private investments of the Executive Director provided that such investments do not constitute substantial control in the enterprise or enterprises concerned and that the Executive Director conduct her/his private business affairs in such a manner as to avoid a conflict of interest between her/him and the interest of the Fund.

18. The Executive Director shall seek guidance of the Ethics and Audit Committee prior to undertaking financial transactions that may be restricted by this Chapter VI or provisions of this Policy.

#### **VII. Disclosure of financial and business interests**

19. The Executive Director shall promptly disclose to the Ethics and Audit Committee any financial or business interest that s/he or an Immediate Family Member has, which might reflect unfavourably on the Fund or which might be in actual or perceived conflict with her/his duties. Upon such disclosure, the Executive Director shall refrain from taking any action as Executive Director that might affect such interest, except as otherwise directed by the Board.

20. The Executive Director must file annually until separation from the Fund, a financial interest disclosure form in a form and manner to be proposed by the Chief Financial Officer and approved by the Ethics and Audit Committee. In

the event that a financial disclosure reveals a conflict of interest, the Ethics and Audit Committee will provide advice on how to obviate or mitigate the conflict.

### **VIII. Outside activities and other employment**

21. The Executive Director shall devote her/himself to the activities of the Fund on a full-time basis and dissociate from any other public or private position that s/he may hold upon joining the Secretariat. The Executive Director shall not, without the prior written approval of the Board, accept any position or obligation or have any interest directly or indirectly in any activity which may interfere with the discharge of her/his duties as the Executive Director.

22. Previous Association: The Executive Director shall not be personally involved in a Fund transaction involving a former employer other than a government or international organization, as:

- (a) A recipient or beneficiary of the Fund's financing, investments or guarantees;
- (b) A guarantor of any such financing; or
- (c) A supplier of goods or services to the Fund, except as authorized by the Board.

23. Prospective employment: When seeking, negotiating for, or entering into an arrangement concerning, prospective employment outside the Fund for her/himself or for Immediate Family Members, the Executive Director shall not allow such circumstances to influence the performance of her/his duties and must not exercise any responsibility with respect to a Fund transaction in which a prospective employer has or may have an interest.

24. Subsequent Employment: The Executive Director may not, within one and a half years after her/his separation from the Fund, seek, apply or take up appointment as a Fund staff member, engagement as a Fund consultant, or any other work remunerated by the Fund. The Board may waive this provision upon recommendation from the Ethics and Audit Committee. A request for such a waiver must be submitted to the Ethics and Audit Committee before s/he applies for employment by the Secretariat. The Secretariat shall not take action on or accept an application for employment from such previous Executive Director unless a waiver has been granted by the Board.

### **IX. Disclosure of information**

25. The Executive Director shall at all times observe the applicable policies of the Fund regarding disclosure of information.

26. The Executive Director shall protect the security of any information s/he obtained in the performance of her/his duties that is not otherwise available to the public and, except as required to perform her/his duties the Executive Director, shall not use such information or disclose it to others who s/he knows or should know are not authorized by the Fund to receive such information. The provisions of this paragraph shall continue to apply to the Executive Director after her/his term of service has expired.

27. The Executive Director shall not use, or allow the use of, unpublished and/or confidential information known to her/him by reason of her/his official position with the Fund to private advantage, directly or indirectly, or for any interest contrary to the interests of the Fund.

### **X. Political and external activities and interests**

28. The Executive Director may exercise her/his political rights, but shall refrain from participation in political activities that may interfere or conflict with her/his duties or status as Executive Director. The Executive Director must resign her/his position immediately if s/he becomes a candidate for any national public office of a political character or accepts a nomination for such an office.

### **XI. Gifts and awards**

29. The Executive Director and her/his Immediate Family Members are prohibited from accepting gifts under circumstances where it could reasonably be construed that the gift is motivated by her/his position in relation to the Fund and interests that could be substantially affected by the Fund, except when such gifts are allowable under the provisions referred to in paragraph 31 below.

30. The Executive Director and her/his 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.

31. The Executive Director may accept unsolicited gifts when refusal to do so would embarrass the gift provider or the Fund or otherwise not be in the interest of the Fund, such as when a refusal to accept would be considered impolite, provided that such gifts over US\$ 100 shall be reported to the Ethics and Audit Committee. Except when impractical (such as in the case of meals), gifts accepted on behalf of the Fund will be turned over to the Secretariat and handled under procedures as defined in Appendix 5 of the Fund's Administrative Guidelines on Procurement.

32. Considering the international character of the position of the Executive Director, s/he may not accept, without authorization by the Board, any honours, decorations or favours from any government, or from any other authority or person external to the Fund in connection with services rendered during her/his term of office with the Fund.

### **XII. Conduct within the institution**

33. The Executive Director shall treat her/his colleagues and staff with courtesy and respect.

34. The Executive Director shall exercise adequate control and supervision over matters for which s/he is individually responsible and the resources for which s/he is entrusted, and shall know and observe the budgetary standards and restrictions prescribed under relevant Fund policy. The Executive Director shall ensure that property and services of the Fund are used by her/himself and persons in her/his offices only for the official business of the Fund.

### **XIII. Procedures for handling allegations of misconduct**

35. Allegations of misconduct and/or breach of this Policy made by the Independent Integrity Unit, or by another official of the Fund, or by any individual or entity, against the Executive Director or her/his Immediate Family Members, shall be submitted in writing and in confidence to the Chair of the Ethics and Audit Committee who shall bring any such allegation to the attention of the Ethics and Audit Committee for its consideration in accordance with the procedures set forth in this Policy.

36. The Executive Director shall not be presumed to have engaged in the alleged misconduct until such time as the Ethics and Audit Committee determines that there is sufficient evidence to establish, on a balance of probabilities that the alleged misconduct did occur.

37. As soon as is practicable, the Ethics and Audit Committee shall review the allegations and determine whether they are credible and whether they are appropriate for taking action by the Ethics and Audit Committee. The Independent Integrity Unit shall be available to assist the Ethics and Audit Committee with this review, if requested by the Ethics and Audit Committee. If the Ethics and Audit Committee determines the allegations do not appear credible and do not warrant further investigation, it will decide to take no further action.

38. If the Ethics and Audit Committee determines that the allegation of misconduct is credible and warrants a further investigation, it will conduct such investigation and inform the Board, through a confidential document thereof. Based on the findings of the investigation, the Ethics and Audit Committee shall prepare and submit a confidential report to the Board, with a recommendation whether the facts indicate that misconduct occurred, and if so, what action may be appropriately taken by the Board. In conducting an investigation, the Ethics and Audit Committee may rely on the Independent Integrity Unit. The Ethics and Audit Committee may also appoint an outside investigator of high professional standing and experience to assist them in gathering facts and evidence after informing the Board. Any outside investigator appointed by the Ethics and Audit Committee shall comply with the policy on disclosure of information. Any outside investigators shall have access to all pertinent records, documents and officials of the Fund, as it determines necessary to perform its investigations.

39. Based on the findings of the Ethics and Audit Committee and after having heard and duly considering representations from the Executive Director, it is for the Board to decide what action should be taken with respect to her/him. Appropriate measures may include written censure, suspension from duties pending investigation, termination of employment or any other appropriate action by the Board including but not limited to referral to relevant authorities.

40. The Executive Director shall be provided immediately with notice of any allegation of misconduct. The Executive Director shall also be provided with all relevant documentation and the opportunity to present his or her views, regarding the allegations to the Ethics and Audit Committee before it makes its determination, and to the Board, before it takes any decisions, as set out in these procedures:

- (a) Whether to conduct an investigation; or
- (b) Whether the facts indicate that misconduct occurred, and if so, what action may be appropriately taken by the Board.

41. The Executive Director, if alleged to have committed misconduct, shall have the duty to cooperate fully with the Board, the Ethics and Audit Committee, and any outside investigators appointed by the Ethics and Audit Committee in all stages of the consideration and investigation of the allegations of misconduct. The Executive Director, if alleged to have committed misconduct, shall be allowed to be accompanied by up to two advisers of her/his choice from within or outside of the Fund.

42. Upon initiation of an investigation, the Executive Director shall follow such recusal or other measures directly related to the alleged misconduct as the Ethics and Audit Committee may determine, on a temporary basis, as necessary to prevent irreparable harm to the Fund.

43. The Executive Director may submit an appeal to the Board with respect to any action taken by the Ethics and Audit Committee against her/him, which shall be decided promptly, and may seek further consideration by the Administrative Tribunal against any decision taken by the Board against her/him.

44. The process and internal deliberations of the Ethics and Audit Committee and the Board involving allegations of misconduct by the Executive Director shall be kept strictly confidential, unless requested by a competent authority.

### **XIV. Effective date of application**

45. This Policy shall take effect on the date of adoption by the Board.

### **\*DECISION B.09/03: Adoption of the Policy on ethics and conflicts of interest for the Board**

The Board, having reviewed document GCF/B.09/16 Policy on Ethics and Conflicts of Interest for the Board:

- (a) Adopts the policy on ethics and conflicts of interest for the Board of the Green Climate Fund set out in Annex I to this document, including the delegation of authority to the Ethics and Audit Committee contained therein; and
- (b) Requests the Secretariat to draft a policy on ethics and conflicts of interest for the Executive Director, other Board appointed officials, active observers and external members of panels established by the Board for consideration by the Ethics and Audit Committee to be recommended by such committee to the Board for decision-making by the Board at its tenth meeting.

#### Annex I: Policy on Ethics and Conflicts of Interest for the Board of the Green Climate Fund

##### **I. Scope, Purpose and Applicability**

1. This policy on ethics and conflicts of interest for the Board of the Green Climate Fund sets out principles and ethical standards for the members of the Board, alternate members of the Board and advisers of the Green Climate Fund in connection with, or having a bearing upon, their status and responsibilities in the Fund. As members of the Board are entrusted with the responsibilities prescribed in, or pursuant to, the Governing Instrument for the Green Climate Fund, their personal and professional conduct, when performing their Board duties in the service of the Fund, must comply with the ethical standards and procedures set out herein in addition to any domestic legal requirements exclusively as they apply to this policy.

2. The Policy is in furtherance of the general principle set out in the Governing Instrument for the Green Climate Fund that the Fund shall operate in a transparent and accountable manner guided by efficiency and effectiveness.

##### **II. Definitions**

1. For the purposes of the Policy, the following terms shall have the meaning set out below:

- (a) **Adviser** means an expert providing advice to a member and alternate member of the Board, as notified to the Secretariat pursuant to paragraph 14 below;
- (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, Stakeholder, trustee, partner or employee or for which the Covered Individual is working as consultant, that receives or may receive directly or indirectly funding from the Fund or with which the Fund has, either directly or through an intermediary, an agreement, contract, grant, understanding, arrangement or relationship; or
  - (ii) Any entity, agency, organization, corporation, administration or similar institution with which a Covered Individual is applying for, or negotiating to have, an arrangement concerning employment or consultancy;
- (c) **Board** means the Board of the Fund;
- (d) **Board Member** refers to members of the Board, including the Co-Chairs, and alternate members of the Board;
- (e) **Covered Individual** means a Board Member and Advisers;
- (f) **Ethics and Audit Committee** means the committee of the Board established by decision B.05/13, paragraph (e);
- (g) **Fund** means the Green Climate Fund;
- (h) **Gift** means any gratuity, favour, discount, entertainment, hospitality, loan, forbearance, honorarium or other item having monetary value. These 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;
- (i) **Governing Instrument** means the Governing Instrument for the Green Climate Fund;
- (j) **Immediate Family Members** means a Covered Individual's spouse, partner under domestic legislation, child, mother, father, brother or sister and persons primarily dependent on such an individual for financial support;
- (k) **Integrity Unit** means the independent integrity unit referred to in paragraph 68 of the Governing Instrument;
- (l) **Policy** means this policy on ethics and conflicts of interest for the Board of the Green Climate Fund;

- (m) **Prohibited Practices** means any of the following practices:
- (i) A “corrupt practice” is the offering, giving, receiving, or soliciting, directly or indirectly, anything of value to influence improperly the actions of another entity and/or individual;
  - (ii) A “fraudulent practice” is any act or omission, including a misrepresentation, that knowingly or recklessly misleads, or attempts to mislead, an entity and/or individual to obtain a financial or other benefit, or to avoid an obligation;
  - (iii) A “coercive practice” is impairing or harming, or threatening to impair or harm, directly or indirectly, any entity and/or individual improperly or the property of that entity and/or individual to influence improperly the actions of an entity and/or individual;
  - (iv) A “collusive practice” is an arrangement between two or more entities and/or individuals designed to achieve an improper purpose, including to improperly influence the actions of another entity and/or individual;
  - (v) An “obstructive practice” includes deliberately destroying, falsifying, altering or concealing evidence material to an investigation; making false statements to investigators in order to materially impede an investigation; threatening, harassing or intimidating any entity and/or individual to prevent it from disclosing its knowledge of matters relevant to the investigation or from pursuing the investigation; or materially impeding the Fund’s rights of audit or access to information; and
  - (vi) “Harassment” means unwelcome verbal or physical behaviour that unreasonably interferes with work or creates an intimidating, hostile or offensive work environment.
- (n) **Secretary to the Board** means the staff member of the Secretariat of the Fund serving as secretary to the Board;
- (o) **Staff** means all staff of the Secretariat of the Fund, including the Executive Director, as described in paragraphs 20 and 21 of the Governing Instrument; and
- (p) **Stakeholder** means a person having a proprietary or economic interest in an entity.

### III. Basic standard of conduct

4. Members of the Board and other Covered Individuals shall carry out their responsibilities as prescribed in the Governing Instrument, the Rules of Procedure of the Board and related documents of the Fund, to the best of their ability and judgment and shall maintain the highest standards of integrity and ethics in their personal and professional conduct, and observe principles of good governance.
5. In order to reflect the importance of the Policy and the obligations contained in it, members and alternate members of the Board, and their Advisers shall, upon their appointment and at the start of each new term of office, read and sign the Declaration of Impartiality and Confidentiality, a template of which is contained in Appendix I to the Policy, to be deposited with the Secretary to the Board.
6. Covered Individuals shall observe the laws of each jurisdiction in which they are present pursuant to their official duties and responsibilities, associated with the Fund, so as not to be perceived as abusing the privileges and immunities conferred upon the Fund and upon them. This provision does not abrogate or waive any privileges and immunities which they may enjoy.
7. 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, genetic features, language, religion or belief, political or any other opinion, membership of a national minority, property, birth, disability, age or sexual orientation shall be against the Policy.
8. Covered Individuals shall abide by the following standards of conduct:
- (a) Covered Individuals must not act in any manner that will undermine public confidence and trust in the Fund’s governance. In particular, Covered Individuals will refrain from engaging in Prohibited Practices;
  - (b) Covered Individuals must not encourage anyone to take any actions listed under paragraph (a) above; and
  - (c) Covered Individuals must disassociate from, and report to the Ethics and Audit Committee, any suspected misconduct by Covered Individuals, including those actions listed under paragraph 8 (a) above, when it comes to their attention, in accordance with the procedure set out in section IV below, and to refrain from retaliation against an individual who provides information in good faith about suspected misconduct.

### IV. Non-compliance with the Policy

9. Alleged breaches of a provision of the Policy by a member of the Board, other Covered Individuals or their Immediate Family Members, shall be referred by the Integrity Unit, by another official of the Fund or by any individual or entity to the Ethics and Audit Committee pursuant to the procedure set out in Appendix II to the Policy. If the subject of the allegation involves a member of the Ethics and Audit Committee, then such member shall recuse him/herself from the deliberations of the Ethics and Audit Committee. If it involves the Chair of the Ethics and Audit Committee, the other members shall elect another chair to facilitate the deliberations.

10. The Ethics and Audit Committee may take, as appropriate, the following action upon formally establishing, after due enquiry, the breach of a provision of the Policy:

- (a) Formal warning to the Covered Individual concerned;
- (b) An instruction to the Covered Individual concerned to remedy the breach; and/or
- (c) A recommendation to the Board to address the breach, in which case all relevant information will be provided to the Board.

In addition, the Ethics and Audit Committee may consider reporting the breach to the chair of the constituency or regional group to which the Covered Individual belongs and/or to the government that selected the Covered Individual or, in case of an Adviser, to the chair of the constituency or regional group that selected the Covered Individual to whom the Adviser is providing advice.

11. A recommendation by the Ethics and Audit Committee to the Board as referred to in paragraph 10 (c) above may include, but is not limited to, a recommendation to reverse an accreditation or funding decision or to express formal disapproval of the breach by the member of the Board. If the subject of the allegation involves a member of the Board, then such member shall recuse him/herself from the deliberations of the Board. If it involves a Co-Chair, the Board shall elect another member of the Board to assume the functions of Co-Chair in accordance with the Rules of Procedure of the Board.

12. A Covered Individual against whom action has been taken by the Ethics and Audit Committee pursuant to paragraph 10 (a) and (b) above may appeal that action to the Board.

13. The procedures for handling allegations of a breach of the Policy may be amended by the Board, upon recommendation of the Ethics and Audit Committee.

### **V. Advisers**

14. Members of the Board shall provide the Secretary to the Board with the names of their Advisers, as well as with any changes, which shall be published on the Fund's website.

15. Promptly thereupon, the Adviser shall provide the Secretary to the Board with a duly executed Declaration of Impartiality and Confidentiality, a template of which is contained in Appendix I to the Policy.

### **VI. Conflicts of interest**

16. 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 deemed to, improperly influence the performance of his or her official duties or responsibilities as member of the Board or Adviser, as the case may be.

17. 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 (subject to the limitation referred to in paragraph 20 below) could affect the conduct of his or her duties and responsibilities with respect to the Fund 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 the benefit of an Immediate Family Member or an Associated Institution (subject to the limitation referred to in paragraph 20 below).

18. If an appearance of a conflict of interest arises, or if there is doubt whether a conflict, actual, apparent or perceived, exists, the Covered Individual concerned shall promptly refer the matter in writing to the Chair of the Ethics and Audit Committee for guidance.

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

20. It is acknowledged that members of the Board and other Covered Individuals may be serving a government which in itself does not constitute a conflict of interest as meant in the Policy, provided that the relationship with the relevant government is disclosed in accordance with paragraph 19 above.

### **VII. Procedure when a conflict of interest arises**

21. All actual or potential conflicts of interest or the reasonable appearance thereof shall be immediately disclosed in writing to the Ethics and Audit Committee. In addition, others, such as the Integrity Unit, may bring an actual or potential conflict of interest of a Covered Individual to the attention of the Ethics and Audit Committee.

22. 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. The Ethics and Audit Committee may also bring any conflicts of interest issue to the entire Board (excluding the individual or individuals with potential conflicts) for further consideration and decision.

23. 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. With respect to the Board, this means that the Covered Individual shall not vote or speak on the matter, and shall recuse him/herself without comment before consideration of the matter, unless a waiver has been granted by the Ethics and Audit Committee or, if the matter has been referred to the Board, by the Board. The waiver may be designed to allow for any level of participation that the Ethics and Audit Committee or, if the matter has been referred to the Board, the Board deems appropriate.

24. If the determination affects a Covered Individual, such an individual may appeal the determination by the Ethics and Audit Committee to the Board.

### **VIII. Future employment**

25. When negotiating for, or entering into an arrangement concerning, prospective employment outside the Fund for themselves or for Immediate Family Members, Covered Individuals shall not allow such circumstances to influence the performance of their duties. Covered Individuals shall not apply for or accept any employment, including as a consultant, by an implementing entity or intermediary applying, or reasonably likely to apply, for accreditation with the Fund unless disclosed to the Ethics and Audit Committee. The Ethics and Audit Committee will assess whether an actual or potential conflict of interest exists in these circumstances and, if so, decide on the remedy to address such conflict.

### **IX. Transparency and disclosure of information**

26. 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 at all times they shall respect the confidentiality of such information and shall not use such information 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. They shall comply with the information disclosure policies of the Fund. However, Covered Individuals may provide confidential information of the Fund that they receive to the governments of the countries in their respective constituencies in the course of their official duties for their respective home country. The provisions of this paragraph shall continue to apply to Covered Individuals after their service as a Covered Individual has ended.

27. Covered Individuals shall consult the Ethics and Audit Committee if they have doubts as to whether certain information is deemed confidential. The determination of the Ethics and Audit Committee is final.

28. If a Covered Individual believes that confidential information may have been improperly disclosed, he/she shall promptly inform the Ethics and Audit Committee, which shall promptly advise the Executive Director.<sup>1</sup>

### **X. Gifts and entertainment**

29. 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, except when such gifts are allowable under the provisions referred to in paragraph 32 below.

30. 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.

31. A Covered Individual may accept unsolicited gifts on behalf of the Fund when refusal to do so would embarrass the gift provider or the Fund or otherwise not be in the interest of the Fund, such as when a refusal to accept would be considered impolite. Except when impractical (such as in the case of meals), gifts accepted on behalf of the Fund will be turned over to the Secretariat and handled under procedures as defined in the Fund's corporate procurement policy.

32. A Covered Individual may accept unsolicited gifts from one source or provide gifts to one person or entity if the gifts have an aggregate value of US\$ 50 or less, provided that the aggregate value of individual gifts received from or provided to any one person does not exceed US\$ 100 in a calendar year. All such gifts should be reported to the Ethics and Audit Committee.

### **XI. Employment by the Secretariat**

33. 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

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<sup>1</sup> 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.

request for such a waiver must be submitted by the individual concerned to the Ethics and Audit Committee before he/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.

**XII. Involvement in procurement and human resources matters**

34. Covered Individuals shall not attempt to exert any undue influence with respect to the appointment, compensation and termination of individual employees of the Fund or persons associated with the Fund, including consultants. This provision should not be construed to prevent a member of the Board from endorsing an appointment.
35. Covered Individuals shall not attempt to exert any undue influence with respect to:
- (a) The investigation and resolution of any dispute or allegations dealt with in accordance with the applicable policies and procedures of the Fund, including matters that may arise from a procurement or human resources involving the Fund; and
  - (b) Staff of the Secretariat performing their duties, in particular in relation to procurement decisions and awarding contracts, human resources decisions, the proposal approval process and the accreditation process.
36. The provision contained in paragraph 34 above does not affect the mandate of the Board in respect of the appointment of the Executive Director, the head of the Evaluation Unit referred to in paragraph 60 of the Governing Instrument and the heads of all accountability units.

**XIII. Review and amendment**

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

**XIV. Effective date**

38. The Policy shall come into effect upon adoption by the Board, and shall remain in effect until amended or superseded by the Board.
39. Covered Individuals already in office at the time the Policy comes into effect shall submit the signed Declaration of Impartiality and Confidentiality promptly upon the effective date of the Policy in accordance with paragraph 5 or 15 above as the case may be.
40. Amendments to the Policy and any amendments thereto shall come into effect in accordance with paragraph 38 above.

Appendix I: The Declaration of Impartiality and Confidentiality of members and alternate members of the Board of the Green Climate Fund and Advisers

I solemnly declare that I will perform my duties and responsibilities as a Member or Alternate Member of the Board of the Green Climate Fund/an Adviser honourably, faithfully and conscientiously.

I solemnly declare and promise that I shall have no personal financial interest in any matters with which I am involved in performing my duties on the Board of or for 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 Board 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. However, I may provide confidential information of the Fund that I receive to the government of my home country in the course of my official duties for my home country. The provisions of this paragraph shall continue to apply after my service as a Member or Alternate Member of the Board of the Green Climate Fund/an Adviser has ended.

I shall disclose to the Ethics and Audit Committee 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 functions as a Member or Alternate Member of the Board of the Green Climate Fund/Adviser and I shall refrain from participating in the work of the Board in relation to such a matter, unless a waiver has been granted by the Ethics and Audit Committee or the Board, as the case may be.

\_\_\_\_\_ Name of Member/Alternate Member/Adviser/  
\_\_\_\_\_ Signature  
\_\_\_\_\_ Date

### Appendix II: Procedures for handling allegations of misconduct

1. Allegations of misconduct and/or breach of the policy on ethics and conflict of interest for the Board of the Green Climate Fund (the Policy) made by the Integrity Unit after due investigation, or by another official of the Fund, or by any individual or entity against a member of the Board, other Covered Individuals, or their Immediate Family Members, shall be submitted in writing and in confidence to the Chair of the Ethics and Audit Committee who shall bring any such allegation to the attention of the Ethics and Audit Committee for its consideration in accordance with the procedures to be determined for such a case. If the subject of the allegation involves a member of the Ethics and Audit Committee, then such a member shall recuse him/herself from the deliberations of the Ethics and Audit Committee. If it involves the Chair of the Ethics and Audit Committee, the other members shall elect another chair to facilitate the deliberations.
2. The Covered Individual concerned shall not be presumed to have engaged in the alleged misconduct until such time as the Ethics and Audit Committee determines that there is sufficient evidence to establish on a balance of probabilities that the alleged misconduct did occur.
3. As soon as is practicable, the Ethics and Audit Committee shall review the allegations and determine whether they are credible and whether they are appropriate for taking action by the Ethics and Audit Committee. The Integrity Unit shall be available to assist the Ethics and Audit Committee with this review, if so requested. If the allegations do not appear credible, the Ethics and Audit Committee may decide to take no further action. If the allegations appear credible and appropriate for taking action by the Ethics and Audit Committee, it shall take such action promptly.
4. As soon as is practicable, upon formally establishing, after due enquiry, the breach of a provision of the Policy, the Ethics and Audit Committee may take, as appropriate, the following action:
  - (a) A formal warning to the Covered Individual concerned;
  - (b) An instruction to the Covered Individual concerned to remedy the breach; and/or
  - (c) A recommendation to the Board to address the breach, in which case all relevant information will be provided to the Board. In addition, the Ethics and Audit Committee may consider reporting the breach to the chair of the constituency or regional group to which the Covered Individual belongs and/or to the government that selected the Covered Individual or, in case of an Adviser, to the chair of the constituency or regional group that selected the Covered Individual to whom the Adviser is providing advice.
5. A recommendation by the Ethics and Audit Committee to the Board may include, but is not limited to, a recommendation to reverse an accreditation or funding decision or to censure a member of the Board. If the subject of the allegation involves a member of the Board, including a Co-Chair, then such a member shall recuse him/herself from the deliberations of the Board. If it involves a Co-Chair, the Board shall elect another member of the Board to assume the functions of Co-Chair in accordance with the Rules of Procedure of the Board. The Board shall take a final decision based on the findings and recommendations of the Ethics and Audit Committee and, if applicable, the Integrity Unit. It may also seek the advice of the General Counsel.
6. Each Covered Individual, if alleged to have committed misconduct, shall be provided with timely notice of the allegations, all relevant documentation and the opportunity to present his or her views regarding the allegations to the Ethics and Audit Committee before it makes its determination, and to the Board before it takes any decisions, as set out in these procedures.
7. In exceptional cases, the Ethics and Audit Committee may permit the individual who is alleged to have committed misconduct to be accompanied by an advisor from within or outside of the Fund.
8. A Covered Individual may appeal to the Board against any action taken by the Ethics and Audit Committee against him/her.
9. If the Ethics and Audit Committee, in the course of its work, uncovers potential misconduct by a staff member of the Fund, or potential fraud or corruption by a contractor or consultant in a project financed or executed by the Fund, it shall refer the matter to the Fund's Integrity Unit.
10. Any staff member who makes frivolous or knowingly false allegations against a Covered Individual shall be subject to disciplinary procedures in accordance with the Fund's guidelines on human resources. Frivolous or knowingly false allegations made by a Covered Individual shall be considered a violation of the Policy and will be subject to the procedures of this Policy.

### **POLICY ON THE PROTECTION OF WHISTLEBLOWERS AND WITNESSES**

#### **\*DECISION B.BM-2018/21: Policy on the Protection of Whistleblowers and Witnesses**

The Board, having considered document GCF/BM-2018/29 titled "Policy on the protection of whistleblowers and witnesses":

- (a) Adopts the Policy on the Protection of Whistleblowers and Witnesses set out in annex I to this document;
- (b) Authorizes the Ethics and Audit Committee of the Board to address issues that may arise in the implementation of this Policy;
- (c) Requests the Secretariat, in consultation with the Accreditation Committee and the Independent Integrity Unit, to revise the initial basic fiduciary standards (as adopted through decision B.07/02, paragraph (b)) to ensure that that Counterparties have effective whistleblower and witness protection policies and practices in place that are comparable to those set out in this Policy; and
- (d) Requests the Independent Integrity Unit to provide a brief report to the Board on experiences and lessons learned in the implementation of this Policy two years following its adoption.

### Annex I: Policy on the Protection of Whistleblowers and Witnesses

#### **I. Introduction**

1. The mission of the Green Climate Fund (“GCF” or the “Fund”) is to promote 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. In fulfilling its mission and managing the resources committed to it, the GCF is dedicated to maintaining the highest integrity standards in the conduct of its operations.
2. The GCF acknowledges the critical role of Whistleblowers and Witnesses in exposing Prohibited Practices and other acts of Wrongdoing in order to enable the GCF to effectively prevent, detect, and mitigate such malfeasance and to safeguard the resources entrusted to its care. Whistleblowers and Witnesses play important roles in contributing to the mission of the GCF. In protecting Whistleblowers and Witnesses, the GCF is safeguarding its own financial, operational, and reputational integrity, and ultimately its efforts to make a significant and ambitious contribution to combat climate change.
3. The Policy on the Protection of Whistleblowers and Witnesses (“the Policy”) is an expression of the Fund’s zero-tolerance of fraud and corruption and is intended to provide clear avenues for exposing fraud and integrity violations. By so doing, it would facilitate the effective prevention and detection of such malfeasance. Furthermore, it would enable the GCF to safeguard the resources entrusted to its care and ensure that those resources are deployed effectively and efficiently.

#### **II. Purpose**

4. The purpose of this Policy is to empower anyone covered by its provisions to report suspicions of Wrongdoing in good faith and without fear of retaliation so that the GCF can effectively protect its interests, resources, and mission by detecting and mitigating financial and reputational risks as early as possible.

#### **III. Definitions**

5. 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, the Head of the Independent Evaluation Unit, the Head of Independent Integrity Unit, and the Head of Independent Redress Mechanism, who are appointed by the Board;
  - (c) **“Conflict of Interest”** is any situation in which a party or any of its staff involved in the relevant decision-making process has interests that could, or could be perceived to, improperly influence the performance of official duties or responsibilities, contractual obligations, or compliance with applicable laws and regulations;
  - (d) **“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 this Policy) any entity within or to which the Secretariat directly disburses GCF resources, including for the Readiness and Preparatory Support Programme;
  - (e) **“Covered Individual”** means Co-Chairs of the Board, Board members, alternate members, Advisers (each defined in the Rules of Procedure of the Board), Board-appointed Officials, External Members, and GCF Personnel;

- (f) **“Evidence”** means any physical object, record, document in any form, testimony, or other information that tends to establish the existence or non-existence of an allegation or fact;
- (g) **“External Members”** means an expert serving as an external member on a panel or group established by the Board;
- (h) **“External Party”** means any person or entity other than a Covered Individual who contributes to, engages in, or is affected by or concerned with any Fund-related Activity. An External Party may be an individual or an entity, and may include Counterparties;
- (i) **“External Whistleblowers and Witnesses”** are External Parties who are Whistleblowers or Witnesses, as defined in this Policy;
- (j) **“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;
- (k) **“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;
- (l) **“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;<sup>1</sup>
- (m) **“Human Resources Legal Framework”** means all policies, instructions, procedures, and guidance governing or instructing the conduct of GCF Staff;
- (n) **“Prohibited Practices”** are specific conduct as defined in the relevant GCF principles and policies. Prohibited Practices include Corrupt Practice, Fraudulent Practice, Coercive Practice, Collusive Practice, Obstructive Practice, Abuse, Retaliation against Whistleblowers or Witnesses, Money Laundering, and Terrorist Financing;<sup>2</sup>
- (o) **“Retaliation against Whistleblowers or Witnesses”** means any detrimental act, direct or indirect, recommended, threatened, or taken against a Whistleblower or Witness, 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;
- (p) **“Subject of an Investigation”** means a person who is suspected to have condoned, encouraged, participated, or engaged in a Wrongdoing that the IIU is investigating either directly or by proxy;
- (q) **“Staff”** means all persons appointed to a post in GCF under a letter of appointment (individually, a “Staff Member”);
- (r) **“Whistleblower”** is any person or entity, who, in good faith and on reasonable grounds, reports, attempts to report, is believed to be about to report, or is believed to have reported suspected Wrongdoing (including concerns of suspected Wrongdoing);
- (s) **“Wrongdoing”** means conduct that violates GCF policies or which involves significant risk to the GCF because it is harmful to its interests, reputation, operations, or governance. Wrongdoing includes but is not limited to Misconduct, Prohibited Practices, and Conflicts of Interest; and
- (t) **“Witness”** means any person or entity who cooperates in good faith, or is believed to be about to cooperate, or is believed to have cooperated with an investigation and provided information or evidence.

#### IV. Scope and Applicability

6. This Policy applies to Whistleblowers and Witnesses who report suspected Wrongdoing as defined by this Policy. Reports of suspected Wrongdoing concerning matters within the competence of the IIU shall be handled by the IIU. Other reports, complaints, or grievances falling outside this scope shall be referred to or handled directly by the appropriate Divisions, Offices, or Units of the GCF or other authorities lawfully exercising jurisdiction. Complex reports involving multiple concerns may be handled by more than one GCF Division, Office, or Unit or authority.

7. Whistleblowers or Witnesses may include persons who bring allegations and information in a grievance, complaint, or reconsideration request to the Independent Redress Mechanism (“IRM”) which amount to suspected Wrongdoing.

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<sup>1</sup> The categories of “trainees” and “volunteers” are not currently within the GCF legal framework. Should new categories of Personnel be introduced in the future, these would be considered as “individuals contracted by the GCF and engaged by the GCF to perform Fund-related activities.”

<sup>2</sup> Decision B.12/31, paragraph (h) Interim Policy on Prohibited Practices; Decision B.18/10 Anti-Money Laundering and Countering the Financing of Terrorism Policy. A further Policy on Prohibited Practices has been developed for adoption by the Board.

8. Any person or entity who makes a False or Malicious Report, is not protected by this Policy and 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 the GCF and the person or entity.

### V. General Principles

9. The GCF shall not tolerate Retaliation against Whistleblowers and Witnesses. Retaliation against Whistleblowers and Witnesses is a Prohibited Practice.

10. Any person may report without encumbrance to the IIU any allegations of suspected Wrongdoing that come to their attention and cooperate with the IIU in the context of an investigation, proactive integrity review or other inquiry without fear of retaliation.

11. The GCF including the IIU shall take all available measures within the capacities of the Fund to protect Whistleblowers and Witnesses who have made a report or cooperated with an investigation in good faith and with reasonable belief that the report, information, or evidence provided is true.

12. Any person may anonymously report suspected Wrongdoing or provide evidence or information with regard to an investigation.

13. Subject to paragraphs 44 and 45, the GCF shall keep confidential the identities of Whistleblowers and Witnesses, and their close family members and associates (if they so request). Such protection shall be afforded even in the event that a report or information of suspected Wrongdoing turns out to be not well-founded, misguided, or incorrect, or that the report or information does not lead to a final determination by the GCF that a Wrongdoing has occurred.

14. The GCF shall take reasonable measures within the capacities of the Fund to ensure that the basic rights of any person implicated by a report of Wrongdoing are respected.

15. Reporting suspected Wrongdoing in no way protects a Whistleblower or Witness from sanctions arising from their own Wrongdoing. In other words, blowing the whistle is no “escape hatch” for complicity in Wrongdoing. However, depending on the circumstances,<sup>3</sup> their reporting and degree of cooperation shall be taken into consideration in determining the appropriate sanction or other remedy.

16. All Covered Individuals have a duty to refuse to participate in any Wrongdoing.

### VI. Reporting and Investigation of Suspected Wrongdoing

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

18. Subject to protections available, Covered Individuals have a duty to report suspected Wrongdoing as soon as possible after becoming aware of the suspected Wrongdoing in relation to any Fund-related Activity. No approval, authorizations or clearance shall be necessary for GCF Personnel to report suspected Wrongdoing.

19. Subject to protections available, any supervisor, manager or other such person of the GCF who receives a report of suspected Wrongdoing which is made in good faith, is obligated to transmit such report without delay to the IIU.

20. In accordance with the Interim Policy on Prohibited Practices of the GCF and any succeeding Policy pertaining thereto, Counterparties are obligated to promptly inform the Fund of reports of suspected Prohibited Practices found or alleged in connection with a Fund-related Activity; to investigate reports of suspected Prohibited Practices; and to report preliminary and final findings of such investigations to the Fund. This obligation is subject to the terms and conditions of any prevailing legal agreements with the GCF.

21. Except in the situations described in paragraphs 22 and 23 below, reports and information referred to in paragraphs 17–20 above, 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:	<a href="mailto:integrity@gcfund.org">integrity@gcfund.org</a>
Hotline:	+82 32 458 6155
Facsimile:	+82 32 458 6095
Mailing Address:	Independent Integrity Unit Green Climate Fund Songdo International Business District 175 Art Center-daero Yeonsu-gu, Incheon 22004 Republic of Korea

22. Where a report of suspected Wrongdoing is made against GCF Personnel, a Board-appointed Official (excluding the Executive Director and the Head of IIU), or an External Member of GCF Panels or Groups, or their

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<sup>3</sup> In some instances, Wrongdoing may have been coerced.

immediate family members, such report shall be made to the Head of IIU. Reports of suspected Wrongdoing made against a GCF Personnel working under the authority of the Head of the IIU may be made to the Head of the IIU, or to the Chair of the EAC on an interim basis until other mechanisms are established.<sup>4</sup>

23. Reports of suspected Wrongdoing regarding a Co-Chair, Board member, alternate member, Adviser, the Executive Director, the Head of the IIU, or their respective immediate family members 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. If the subject of the report of suspected Wrongdoing involves a member of the EAC, then such a member shall recuse him/herself from the deliberations of the EAC. If it involves the Chair of the EAC, the other members shall elect another Chair to facilitate the deliberations.

24. Reports of suspected Wrongdoing referred to in paragraphs 22 and 23 above shall be submitted in writing and in confidence to the Chair of the EAC through the following contact points:

Email: [EAC-Chair@gcfund.org](mailto: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

25. Persons or entities reporting suspected Wrongdoing shall do so in good faith and provide where possible any information or evidence in their possession that would support a reasonable belief that Wrongdoing 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 Wrongdoing or to meet any evidentiary requirements.

26. In order to assist the successful conduct of investigations, reports should be as specific as possible. To the extent possible, they should include such details as:

- (a) The type of suspected Wrongdoing;
- (b) When, where, and how the suspected Wrongdoing occurred; and
- (c) Who was involved and may have knowledge of the matters being reported.

27. Relevant documents or other evidence should be included with the report or provided as soon as possible. However, the absence of any of the details above should not prevent reporting, nor shall it prevent the IIU or any other authority competent for the investigation from investigating reports of suspected Wrongdoing.

28. Reports of suspected Wrongdoing and any accompanying information or evidence may be made in any language. Where a report is not made in English, the IIU shall endeavour to provide translation or interpretation as required.

29. Protections provided in Section 9.1 below shall apply to persons providing information regarding suspected Wrongdoing. A system to receive and respond to anonymous reports will be available to facilitate anonymous reporting.

30. Persons who intend to report suspected Wrongdoing and who are uncertain about the rules regarding reporting, or regarding any matter covered by this Policy, may seek confidential advice from the IIU. Covered Individuals may also seek advice on specific cases from the IIU or the Office of General Counsel regarding the interpretation or application of this Policy. GCF Personnel, External Members, or Board-appointed Officials may also seek confidential advice from other Divisions, Offices, or Units as may be established within the GCF Secretariat with responsibility for counselling on ethics or mediation.

31. Reports of suspected Wrongdoing shall be handled in accordance with the relevant GCF policies and standards. The IIU treats seriously and thoroughly investigates reports of suspected Wrongdoing in a manner that is independent and objective by conducting administrative fact-finding investigations, free of control or influence by any person or entity, and with scrupulous adherence to the principles of fairness and due process.

32. In instances where reports of suspected Wrongdoing are determined not to fall under the authority of the IIU, the IIU may refer the person reporting to another body within or external to the GCF as appropriate.

### **VII. Reporting and Investigation of Retaliation**

33. Any Whistleblower or Witness who believes that he or she may suffer or has suffered from retaliation as a consequence of reporting a suspected Wrongdoing or for cooperating with an IIU investigation should report this concern to the IIU through the channels provided in paragraphs 21 or 24 above, as appropriate.

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<sup>4</sup> As stipulated in the Ethics and Conflicts of Interest Policy for Board-Appointed Officials, the Secretariat should establish a mechanism or procedures for reports of suspected Wrongdoing made against a GCF Staff working under the authority of the Head of the IIU. Until such a mechanism or procedure is established, such reports should be made to the Ethics and Audit Committee.

34. Reporting and investigation of Retaliation follows the same rules and procedures as provided in Section VI of this Policy.

35. Where, in the context of a challenge to an act or decision of the GCF, a Whistleblower or Witness who is GCF Personnel, an External Member or a Board-appointed Official has made a prima facie case of retaliation by demonstrating that he or she has reasonable belief that his or her report of suspected Wrongdoing or cooperation with an investigation into Wrongdoing, is or was a contributing factor in the taking of the challenged detrimental action or decision by the GCF, the burden of proof shall shift to the GCF to show, by clear and convincing evidence, that the same action would have been taken or threatened in the absence of the report or cooperation.

36. When assessing whether a Covered Individual or Counterparty has engaged in Retaliation against a Whistleblower or a Witness, the IIU or any other authority competent for the relevant investigation shall assess whether:

- (a) the Whistleblower or Witness has made a prima facie case of retaliation by demonstrating that he or she has reasonable belief that his or her report of suspected Wrongdoing, or cooperation with an investigation into Wrongdoing, is or was a contributing factor in the taking or threat of the challenged detrimental action by such Covered Individual or Counterparty; and
- (b) such Covered Individual or Counterparty has shown, by clear and convincing evidence, that the same action would have been taken or threatened in the absence of the report or cooperation.

### **VIII. Cooperation with Investigations**

37. Subject to protections available, all Covered Individuals have a duty to cooperate (such as by providing information, evidence, or testimony) as Witnesses in investigations of suspected Wrongdoing. For GCF Personnel, External Members or Board-appointed Officials, this duty is not subject to the authorisation of or clearance by any Supervisor or other person, Division, Office, or Unit of the GCF, and failure to cooperate may result in disciplinary measures as provided in the relevant GCF policies and guidelines.

38. In accordance with the relevant GCF principles and policies, Counterparties are obligated to cooperate fully with the Fund in any Fund investigation into reports of suspected Prohibited Practices related to a Fund-related Activity, and take all appropriate measures to ensure the full cooperation of relevant persons and entities subject to such investigation, including, in each case, allowing the Fund to meet with relevant persons and to inspect all of their relevant accounts, records, and other documents and have them audited by or on behalf of the Fund. This obligation is subject to the terms of any prevailing legal agreements with the GCF.

39. The IIU may request other persons who are not Covered Individuals or Counterparties to cooperate as Witnesses in investigations.

40. All Witnesses to IIU investigations shall cooperate in good faith and provide information or evidence which they believe to be true.

### **IX. Protections and Remedies for Whistleblowers and Witnesses**

#### **9.1 Anonymity and Confidentiality**

41. Any person may submit a report of suspected Wrongdoing anonymously. Whistleblowers or Witnesses may request confidentiality regarding their identity, the identity of their close family member(s) or associate(s), and specific information conveyed at, during, or after an investigation. The IIU will honour confidentiality requests to the extent possible within the legitimate needs of investigation.

42. In adherence to GCF policies and procedures, the IIU will protect the identities of and confidential information provided by Whistleblowers and Witnesses from unauthorized disclosure before, during, and after an investigation as far as possible using all available means, including physical, electronic, and procedural controls.

43. The IIU will, during an investigation, take appropriate measures to protect the confidentiality of any non-public information associated with an investigation, and will take appropriate measures to prevent the unauthorised disclosure of investigative findings. Under certain circumstances, the IIU may also keep confidential the identities of investigators involved in an investigation.

44. In cases where the disclosure of confidential information referred to in paragraphs 42 and 43 may be legitimately necessary to pursue an investigation, the IIU shall secure the explicit consent of Whistleblowers, Witnesses, and any other party to an investigation to whom confidentiality has been granted.

45. In exceptional circumstances, and without prejudice to the privileges and immunities of the GCF, the GCF may disclose information referred to in paragraphs 42 and 43 when such disclosure is required of the GCF in judicial proceedings or to meet other legal obligations such as those imposed by law enforcement authorities, or when the GCF pursues sanctions or disciplinary actions in response to a report which has been determined as being false and malicious. In such eventualities, the GCF shall inform the Whistleblower, Witness, or any other party protected under paragraphs 42 and 43 about the need for disclosure, within a reasonable timeframe prior to the disclosure.

46. The IIU will have sole access to investigation files and records, and the authority to determine whether such files and records, unedited or redacted, may be disclosed to individuals other than IIU personnel on a need-to-know basis and subject to their obligation to keep confidentiality. Authorised staff of IIU who have a conflict of interest in relation to, or who have recused themselves from, an investigation shall not be privy to any information on such investigation.

47. IIU staff involved in an investigation in any capacity are required to preserve and protect the confidentiality of information related to investigations, including the identity of the subjects of investigation, Witnesses, or other parties concerned.

48. Whistleblowers shall be informed of the outcome of the review or investigation by IIU into the matter, including whether suspected Wrongdoing has been substantiated and whether disciplinary measures, sanctions, or other measures have been taken. The extent of such information to be informed shall be subject to the rules of the Information Disclosure Policy of the GCF.

### 9.2 Protections and Remedies for Covered Individuals

49. Whistleblowers and Witnesses who are Covered Individuals will be accorded, at their request, interim protection without delay, before, during the course of and pursuant to a review or investigation as necessary to safeguard their safety and well-being, in accordance with the Human Resources Legal Framework or any other GCF policy and procedures.

50. Where there is reasonable concern that a Covered Individual who is deemed to be a Whistleblower or Witness, or his or her close family member(s) or associate(s), may suffer, or are suffering, from retaliation (in connection with his or her report of suspected Wrongdoing) which may involve threatened or actual harm to personal security and well-being, the IIU shall recommend to the GCF Executive Director to take protective measures as appropriate to ensure the personal safety and well-being of that Covered Individual, his or her close family member(s) or associate(s).

51. Where Retaliation against a Whistleblower or Witness who is a Covered Individual, other than a Board-appointed Official or a Board member, alternate Board member, or Adviser, has been substantiated through investigation, the Covered Individual may request, and the IIU may recommend, that the GCF implement remedies. The IIU will consult with the Executive Director or the relevant Heads of Independent Units, as appropriate, with regard to the practicability, proportionality, and compliance with international administrative law of remedies which the IIU may recommend. Remedies include rescission or cessation of the retaliatory action and, if relevant, reinstatement to a post or reissuance of contract, and that the GCF pay compensation in an amount reasonably necessary to compensate the said Whistleblower or Witness for the actual damages suffered. The Executive Director, or the Head of the relevant Independent Unit, as appropriate, shall determine and require the GCF to execute the remedy. In the event the Executive Director, or the Head of the relevant Independent Unit, as appropriate, intends to depart from IIU's recommendations because he or she finds for good cause that such a remedy would not be practicable or in the interest of GCF, he or she shall propose alternative remedies to the Chair of the EAC for approval. The Chair of the EAC shall seek the views of the IIU before making any final determination on the remedies.

52. Where Retaliation against a Whistleblower or Witness who is a Board-Appointed Official or a Board Member, Alternate Board Member, or Adviser has been substantiated through investigation, he or she may request, and the EAC may recommend that the GCF implement remedies. Such remedies may include the measures identified in paragraph 51 of this Policy and shall be subject to approval by the Board for implementation by the GCF.

53. Where Retaliation against a Whistleblower or Witness who is an IIU Personnel has been substantiated through investigation, the IIU Personnel may request remedies directly to the EAC, which shall determine the remedies which may include the measures identified in paragraph 51 of this Policy, to be implemented by the GCF.

54. The GCF shall ensure that the protection or protective measures which are determined in accordance with Paragraphs 49 and 50 and the remedies determined pursuant to Paragraphs 51 to 53 are implemented without delay.

### 9.3 Protections and Remedies for External Whistleblowers and Witnesses

55. External Whistleblowers and Witnesses are entitled to the protection provided in this Section and Section 9.1 above.

56. The GCF shall endeavour to ensure that external Whistleblowers and Witnesses are protected from Retaliation by Covered Individuals. Covered Individuals who are found to retaliate against External Whistleblowers and Witnesses shall be subject to corrective or disciplinary measures or sanctions, as applicable, in accordance with GCF policies and guidelines. A Counterparty who is found to have directly or indirectly condoned, encouraged, participated, or engaged in Retaliation against Whistleblowers or Witnesses may be subject to sanctions in accordance with relevant GCF policies and subject to any legal agreements which may be concluded between the GCF and the Counterparty.

57. Where an External Whistleblower or Witness, his or her close family member(s) or associate(s) may or does suffer Retaliation because of a report of suspected Wrongdoing or cooperation with an IIU investigation, the GCF shall endeavour to apply its good offices with appropriate authorities to secure necessary protection and to employ other reasonable measures to reduce the risks of retaliation.

58. Where Retaliation against an External Whistleblower or Witness by a Covered Individual or a Counterparty has been substantiated through a GCF investigation, and corrective or disciplinary measures have been imposed against a Covered Individual in accordance with paragraph 56, or sanctions have been imposed against a Counterparty, the IIU, in consultation with the EAC, may recommend that the GCF or the Counterparty take appropriate remedies for the benefit of such External Whistleblower or Witness. The GCF shall ensure that such remedies are implemented by the Secretariat without delay. However, in the event that the Secretariat is unable to implement the recommended remedies, the Secretariat shall inform the EAC immediately to determine the appropriate course of action.

### **X. External Reporting**

59. Protections against Retaliation shall be extended to a Covered Individual who reports suspected Wrongdoing to an entity outside of the established internal mechanisms where that person can show that:

- (a) Such reporting is necessary so as to avoid:
  - (i) A significant threat to public health and safety;
  - (ii) Substantive damage to GCF operations; or
  - (iii) Violations of national or international law;
- (b) The established internal mechanisms are inadequate because:
  - (i) The Covered Individual has reasonable grounds to believe that it is not possible to report the suspected Wrongdoing through the established internal mechanisms because all such avenues would subject the Covered Individual to Retaliation within the GCF;
  - (ii) The Covered Individual has reasonable grounds to believe that it is not possible to report the suspected Wrongdoing through the established internal mechanisms because all such avenues would create a likelihood that evidence relating to the suspected Wrongdoing will be concealed or destroyed; or
  - (iii) The Covered Individual has previously reported the suspected Wrongdoing through the established internal mechanisms (and not on an anonymous basis), and was not informed in writing of the status of the matter within six months of such report; and
- (c) The Covered Individual does not accept payment or any other benefit from any party for such report.

60. External reports made in accordance with paragraph 59 of this Policy and consistent with any confidentiality obligations to concerned third parties will not be considered as a breach of obligations relating to disclosure of information as provided for in GCF policies and guidelines.

### **XI. Procedural Safeguards**

61. The procedural safeguards for any Whistleblower, Witness, or Subject of an investigation shall be ensured throughout an investigation in accordance with international best practices as elaborated in the investigative standards and procedures of the IIU. Procedural safeguards shall include that:

- (a) Any person or entity implicated by a report of suspected Wrongdoing must be notified within a reasonable time of the report made against them, provided that this notification does not impede the progress of the procedure for investigating the suspected Wrongdoing; and
- (b) In keeping with the principle of fair hearing, no findings shall be made in respect of an implicated person or entity unless that person or entity has had the opportunity to respond to the report of suspected Wrongdoing.

62. The procedures and procedural rights of GCF Staff regarding the determination of disciplinary measures and any administrative review or appeal thereto shall be observed in accordance with the Human Resource Legal Framework.

63. Nothing in this Policy shall affect or shall be construed as a limitation or waiver of the privileges and immunities enjoyed by the GCF in accordance with the terms of legal agreements concluded between the GCF and relevant countries.

### **XII. Communication, Capacity Building, and Cooperation**

#### **12.1 Communications and Capacity Building Actions**

64. The IIU will proactively make known and communicate widely this and other integrity policies and procedures of the GCF to Covered Individuals, Counterparties, and other stakeholders through all available means

and as far as possible. It shall ensure that channels for reporting suspected Wrongdoing are easily accessible and available, as far as possible in local languages of concerned groups or communities.

65. To further the effective implementation of this Policy, the IIU will conduct integrity training in coordination and cooperation with relevant Divisions, Offices, and Units of the GCF Secretariat, Counterparties, and other stakeholders. The IIU will promote peer learning, engage in platforms for the sharing of best practices, give guidance that can be helpful in the implementation of Fund-related activities, and explore developing a non-financial incentive-based approach to support good faith reporting of suspected Wrongdoing.

66. The IIU will provide policy and best practice advice and support to Accredited Entities and other delivery partners in developing and implementing their own whistleblowing policies and procedures with regard to Fund-related Activities.

### 12.2 Cooperation Arrangements

67. The IIU shall closely cooperate to prevent and investigate suspected Wrongdoing with the relevant departments of Accredited Entities. The terms of that cooperation will be stipulated in bilateral agreements between the IIU and Accredited Entities.

68. As far as possible, the IIU will seek to foster collaboration with other international climate financing institutions, funds, and Counterparties to maximise effectiveness and efficiency with regard to communications and capacity building actions provided in Section 12.1.

69. The IIU shall cooperate and coordinate with the IRM of the GCF to maximise the effectiveness of this Policy. The IRM will develop and issue supporting operating procedures consistent with its Terms of Reference and Procedures and Guidelines to protect complainants, requesters, Witnesses, and those assisting the IRM against Retaliation. In doing so, the IRM will, to the extent possible, give effect to the principles contained in this Policy. If such complainant, requester, Witness, or person assisting the IRM also becomes a Whistleblower or Witness with regard to the same matter, the Heads of the IRM and IIU shall consult with each other and determine how best to provide protection to the person concerned, either under this Policy or the supporting operating procedures of the IRM.

### **XIII. Policy Administration, Monitoring, Reporting, and Review**

70. The IIU shall be responsible for the implementation of this Policy. The IIU shall collaborate with the Secretariat to advise and ensure the effective implementation of the Policy including that Counterparties have effective whistleblowing and witness protection policies and practices in place and that these and other relevant obligations set out above are provided for in the contractual agreements between the GCF and Counterparties.

71. The IIU shall report on an annual basis to the Board. Before doing so, the IIU shall communicate the report to the Executive Director for information, who shall have the possibility to provide comments for consideration by the IIU and the Board.

72. The IIU shall make regular public reports on its implementation of this Policy. The IIU shall maintain and publicly disclose a case registry of reports of suspected Wrongdoing, within the limitations of this Policy, and in accordance with GCF policies and standards regarding information disclosure.

73. The IIU shall proactively monitor and review the implementation of this Policy and the effectiveness of Whistleblower and Witness Protection in Fund-related Activities following a risk-based approach. Such monitoring activities and reviews may involve public consultations. The IIU shall engage with the Independent Evaluation Unit (“IEU”) to independently evaluate the effectiveness of this Policy’s implementation as far as possible within the IEU’s Work Plan.

74. The EAC shall, every three years with the support of the IIU and IEU, 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 a review of the effectiveness of the Policy and new Whistleblower and Witness Protection standards or policies developed and implemented by peer institutions and partners regarding the range of their activities.

### **XIV. Effective Date**

75. This Policy shall come into effect upon the approval of the Board of the GCF from 21 December 2018.

**POLICY ON THE PROTECTION FROM SEXUAL EXPLOITATION, SEXUAL ABUSE, AND SEXUAL HARASSMENT**

**DECISION B.23/17: Approval of budget for the implementation of the Interim Policy on the Protection from Sexual Exploitation, Sexual Abuse and Sexual Harassment**

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.

**\*DECISION B.23/16: Adoption of the Policy on the Prevention and Protection from Sexual Exploitation, Sexual Abuse, and Sexual Harassment**

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:
  - (iii) Initial basic fiduciary standards, pursuant to decision B.07/02, paragraph (b);
  - (iv) Environmental and social safeguards, pursuant to decision B.07/02, paragraph (d), and decision B.19/10, paragraph (c), as relevant; and
  - (v) 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.

### 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 to<sup>1</sup>, 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;
- (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;

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

- (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 channels<sup>2</sup>, 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 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.

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<sup>2</sup> 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.

28. GCF shall further ensure that its Monitoring and Accountability Framework<sup>3</sup> 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 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](mailto: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](mailto: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

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<sup>3</sup> 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.

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:
- (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.

### **DECISION B.22/18: Interim Policy on the Protection from Sexual Exploitation, Sexual Abuse and Sexual Harassment**

The Board, having considered document GCF/B.22/20 titled “Interim Policy on the Protection from Sexual Exploitation, Sexual Abuse, and Sexual Harassment”:

- (a) Adopts the Interim Policy on the Protection from Sexual Exploitation, Sexual Abuse, and Sexual Harassment as set out in annex XIII to this document (the Policy);
- (b) Requests the Independent Integrity Unit, in consultation with the Secretariat, to present to the Board for its consideration as a matter of urgency and no later than its twenty-third meeting an updated policy on the protection from sexual exploitation, sexual abuse, and sexual harassment, which also concerns counterparties in GCF-related activities; and
- (c) Also 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.

(Note: Annex XIII mentioned in Decision B.22/18 could be found at the following link:

[https://www.greenclimate.fund/documents/20182/1424894/GCF\\_B.22\\_24\\_-\\_Decisions\\_of\\_the\\_Board\\_twenty-second\\_meeting\\_of\\_the\\_Board\\_25\\_28\\_February\\_2019.pdf/1f2149d0-0bed-9b1e-9f14-0ca3e2a65b0a](https://www.greenclimate.fund/documents/20182/1424894/GCF_B.22_24_-_Decisions_of_the_Board_twenty-second_meeting_of_the_Board_25_28_February_2019.pdf/1f2149d0-0bed-9b1e-9f14-0ca3e2a65b0a) The interim policy was replaced by the Policy approved at the 23<sup>rd</sup> Meeting as shown in decision B.23/16 above)

### **POLICY ON PROHIBITED PRACTICES**

#### **\*DECISION B.23/08 (b) to (d): Adoption of the Policy on ethics and conflicts of interest for active observers and conforming amendments to the Policy on prohibited practices**

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”:

- (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.

### **\*DECISION B.22/19: Adoption of Policy on Prohibited Practices**

The Board, having considered document GCF/B.22/13 titled “Policy on Prohibited Practices”:

- (a) Adopts the Policy on Prohibited Practices set out in annex XIV to this document to replace the Interim Policy on Prohibited Practices adopted by the Board pursuant to decision B.12/31, paragraph (h);
- (b) Requests the Independent Integrity Unit, in consultation with the Secretariat, to develop policies on administrative sanctions and exclusions for consideration by the Board in 2019;
- (c) Also requests the Board to update this Policy on the Prohibited Practices upon adoption of the Policy on ethics and conflicts of interest for active observers at its twenty-third meeting;
- (d) Authorizes the Ethics and Audit Committee of the Board to address issues that may arise in the implementation of this policy; and
- (e) Requests the Independent Integrity Unit to provide a brief report on experiences and lessons learned to the Board after two years as a basis for a wider review of the policies.

(Note: By Decision 23/08 above, the Board decided to amend section III, paragraph 6 of the Policy on Prohibited Practices to include the definition of Active Observers and to amend the definition of Covered Individual in section III, paragraph 6(f) of the Policy).

### Annex XIV: Policy on Prohibited Practices

#### **I. Introduction**

1. The objective of the Green Climate Fund (GCF or Fund) is to contribute to the achievement of the ultimate objective of the United Nations Framework Convention on Climate Change (UNFCCC). In the context of sustainable development, the GCF will promote 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, considering the needs of those developing countries particularly vulnerable to the adverse effects of climate change.

2. The GCF maintains a zero-tolerance policy toward Prohibited Practices and is strongly committed to preventing and combating Prohibited Practices. The GCF expects individuals and entities involved in Fund-related Activities (as defined below) to observe the highest standards of integrity, to refrain from directly or indirectly, condoning, encouraging, participating in or engaging in Prohibited Practices and to take measures, where and when appropriate, to prevent and combat Prohibited Practices regarding all Fund-related Activities.

3. The GCF shall take all reasonable steps to ensure that all resources and assets entrusted to it are managed with the highest levels of integrity, and to the fullest extent possible, free from prohibited practices.

4. The GCF recognizes established international practices and policies with respect to the prohibition of Prohibited Practices, and particularly the principles in the United Nations' Convention against Corruption and other instruments related thereto.

#### **II. Purpose**

5. The purpose of this Policy on Prohibited Practices (Policy) is to establish the specific conduct and activities which are prohibited by the GCF, the obligations of Covered Individuals and Counterparties to uphold the highest standards of integrity and to refrain from Prohibited Practices, and the actions which the GCF may take when prohibited practices are alleged to have occurred in Fund-related Activities.

#### **III. Definitions**

6. For the purposes of this Policy the following terms shall have the meaning set out below:

## Chapter I: Business Model

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- (a) **“AML/CFT Policy”** means the GCF’s Anti-Money Laundering and Countering the Financing of Terrorism Policy adopted by the Board by decision B.18/10 and set out in Annex XIV thereto;
- (b) **“Board”** means Board of the Green Climate Fund;
- (c) **“Board Appointed Official”** means the Executive Director, the Head of the Independent Evaluation Unit, the Head of the Independent Integrity Unit and the Head of the Independent Redress Mechanism, who are appointed by the Board;
- (d) **“Conflict of interest”** means any situation in which a party or any of its staff involved in the relevant decision-making process has interests that could, or could be perceived to, improperly influence the performance of official duties or responsibilities, contractual obligations, or compliance with applicable laws and regulations;
- (e) **“Counterparty”** means 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 this policy) any entity within, or to which the Secretariat directly disburses GCF resources, including for the Readiness and Preparatory Support Programme;
- (f) **“Covered Individual”** means GCF Personnel, Co-Chairs of the Board, Board and Alternate Members, their Advisers, Board-Appointed Officials and External Members;
- (g) **“Executing Entity”** means any entity, through which GCF funds are channelled or used for the purposes of a Fund-related Activity or part thereof, and/or any entity that executes, carries out or implements a Fund-related Activity, or any part thereof;
- (h) **“External Member”** means an expert appointed by the Board, or procured, selected and contracted by the Secretariat on behalf of the Fund and serving as an external member on a panel or group established by the Board;
- (i) **“Fund-related Activity”** means any activity which is financed, administered or supported by the GCF, either with its own resources or those of others, or any activity that materially affects or may materially affect or otherwise be relevant to the Fund;
- (j) **“GCF Personnel”** means any GCF Staff and any other individual contracted and/or engaged by the GCF and engaged by the GCF to perform official functions for the GCF, excluding Board Appointed Officials and External Members<sup>1</sup>;
- (k) **“Host Country”** means the country or countries in which a Fund-related Activity is to be, is being, or has been, implemented;
- (l) **“Human Resources Legal Framework”** means all policies, instructions, procedures and guidance governing or instructing the conduct of GCF Staff;
- (m) **“Misconduct”** means specific acts of Misconduct by GCF Staff as provided by the Human Resources Legal Framework, and by Board Members, Alternative Board Members, their Advisers, External Members of GCF Panels and Groups, Board Appointed Officials, and the Executive Director as provided in the respective GCF policies on ethics and conflicts of interest <sup>2</sup>;
- (n) **“Prohibited Practices”** mean 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;

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<sup>1</sup> The categories of “trainees” and “volunteers” are not currently within the GCF legal framework. Should new categories of personnel be introduced in the future, these would be considered as “individuals contracted by the GCF and engaged by the GCF to perform Fund-related Activities.”

<sup>2</sup> These are: Policy on Ethics and Conflicts of Interest for the Board of the Green Climate Fund (decision B.09/03) Policy on Ethics and Conflicts of Interest for External Members of the Green Climate Fund Panels and Groups (decision B.10/13); Policy on Ethics and Conflicts of Interest for the Executive Director of the Green Climate Fund (decision B.10/13), Policy on Ethics and Conflicts of Interest for Board Appointed Officials (decision B.13/27).

- (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;
- (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”**<sup>3</sup> 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 Whistle-blower or Witness;
- (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.;
- (o) **“Staff”** means all persons appointed to a post in GCF under a letter of appointment (individually, a “Staff member”);
- (p) **“Subsidiary Agreement”** means any agreement entered into by an accredited entity and an Executing Entity for the purpose of implementing a Fund-related Activity; and
- (q) **“Wrongdoing”** means conduct that violates GCF policies or which involves significant risk to the GCF, because it is harmful to its interests, reputation, operations or governance. Wrongdoing includes but is not limited to Misconduct, Prohibited Practices and Conflicts of Interest.

#### IV. Scope

- 7. This Policy shall apply to:
  - (a) The conduct of all Covered Individuals in connection with Fund-related Activities; and
  - (b) The conduct or practices of any Counterparty in connection with Fund-related Activities, and where applicable, in accordance with the terms of any legal agreement or contract concluded between the Counterparty and the Fund.

#### V. Guiding Principles

- 8. The GCF maintains a zero-tolerance policy of Prohibited Practices.
- 9. Covered Individuals and Counterparties shall maintain the highest level of integrity, accountability and efficiency, refrain from directly or indirectly condoning, encouraging, participating or engaging in Prohibited Practices in any Fund-related Activity and take action to deter, mitigate and/or correct Conflicts of Interest.
- 10. Any report of suspected Wrongdoing shall be made promptly to the Independent Integrity Unit (IIU) and investigated in accordance with the requirements and procedures set out in the GCF’s Policy on the Protection

of Whistleblowers and Witnesses, the IIU's investigation standards and any other relevant GCF policies, procedures or guidelines.

11. The IIU shall take proactive measures including proactive integrity reviews to ensure that Prohibited Practices are prevented in Fund-related Activities and shall investigate reports of suspected Prohibited Practices to determine the veracity of the report and to recommend disciplinary/corrective or mitigation measures, in accordance with its Terms of Reference and other policies standards and procedures of the Fund.
12. The GCF may impose administrative sanctions or disciplinary/corrective measures, as appropriate, against any person who or entity which violates this Policy.
13. The GCF is entitled to seek the refund or restitution of GCF proceeds and other GCF funds to the extent such funds have been improperly used by the Covered Individual or Counterparty in a Fund -related Activity.

### **VI. Obligations of Covered Individuals**

14. All Covered Individuals shall refrain from directly or indirectly condoning, encouraging, participating in or engaging in Prohibited Practices. Covered Individuals have a responsibility to avoid situations and activities that might reflect adversely on the GCF, compromise its operations, or lead to real or perceived Conflicts of Interest, as provided in the Human Resources Legal Framework, relevant contractual agreement, or applicable ethics and conflicts of interest policy.

15. Covered Individuals shall not encourage any person or entity to violate this Policy.

16. As provided in the Policy on the Protection of Whistleblowers and Witnesses and other relevant policies and procedures of the Fund, Covered Individuals shall report suspected Wrongdoing in relation to any Fund-related Activity.

17. A breach of, or failure to observe, the obligations set out in the paragraphs 14 to 16 by Co-Chairs of the Board, Board Members, Alternative Board Members, their Advisers, Board Appointed Officials, External Members of GCF Groups and Panels, the Executive Director, or GCF Staff shall amount to Misconduct, while for other GCF Personnel it shall amount to a breach of contract.

### **VII. Obligations of Counterparties**

18. In any Fund-related Activity, Counterparties shall maintain the highest levels of integrity, accountability and efficiency, refrain from directly or indirectly condoning, encouraging, participating or engaging in Prohibited Practices, and take action to deter, mitigate and correct Conflicts of Interest.

19. In accordance with relevant GCF policies, standards and procedures, and subject to the terms of legal agreements concluded between a Counterparty and the GCF, Counterparties shall take timely and appropriate measures to:

- (a) Ensure that Fund-related Activities are carried out in accordance with this Policy;
- (b) Promptly disclose to the GCF any real or perceived Conflicts of Interest in relation to a Fund-related Activity;
- (c) Prevent Prohibited Practices from occurring in relation to a Fund-related Activity, including (but not limited to) adopting, implementing, and enforcing appropriate fiduciary and administrative practices and institutional arrangements to ensure that the Fund proceeds in the form of a grant, loan, contract award, or other forms of financing or support are used only for the purposes for which such financing or support was granted;
- (d) Promptly inform the GCF of Prohibited Practices found, suspected or alleged in connection with a Fund-related Activity;
- (e) Investigate any occurrence of, or report of suspected Prohibited Practices in a Fund-related Activity and report preliminary and final findings of investigations to the GCF;
- (f) To the satisfaction of the GCF, respond to, mitigate, and remedy any Prohibited Practice that is found to have occurred in a Fund-related Activity and take actions to prevent the re-occurrence of such Prohibited Practice;
- (g) Cooperate fully with the GCF in any IIU investigation into reports of suspected Prohibited Practices in connection with a Fund-related Activity, and take all appropriate measures to ensure the full cooperation of relevant persons and entities subject to such investigation, including, in each case, allowing the Fund to meet with relevant persons and to inspect all their relevant accounts, records and other documents relating to the GCF-related Activities and have them audited by, or on behalf of the GCF; and
- (h) Ensure that individuals or entities sanctioned by the GCF do not participate in Fund-related Activities in violation of their administrative sanction.<sup>4</sup>

20. Subject to terms of their legal agreements with the GCF, Counterparties that are contracted to carry out a Fund-related Activity shall ensure that GCF funds provided for or resulting from the purposes of any such Fund-

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<sup>4</sup> This is subject to the adoption of policies regarding sanctions and exclusionS.

related Activity are not, or contractually cause such funds not to be, used by it or by any recipients, including any Executing Entity, to whom the funds are disbursed, for any illegal or improper purposes (including bribery), contrary to any contractual agreements with the GCF, or contrary to any laws of the Host Country in which the Fund-related Activity is to be implemented. This obligation shall be met by taking actions including incorporating in Subsidiary Agreements provisions corresponding to a Counterparty's own rules, policies and procedures which should enable it to comply with this Policy and contractually oblige the Executing Entity to incorporate such provisions in its agreements with third parties relating to the relevant Fund-related Activity.

21. Any Counterparty may seek advice from the GCF Secretariat or the IIU regarding its efforts to satisfy the obligations listed under paragraphs 18 and 19.

### **VIII. Actions to be taken by the GCF in Cases of Prohibited Practices**

#### **8.1 Covered Individuals**

22. A Staff member who is found to have directly or indirectly condoned, encouraged, participated in or engaged in a Prohibited Practice may be subject to disciplinary measures,<sup>5</sup> as provided in the Human Resources Legal Framework.

23. Any other GCF Personnel who is found to have directly or indirectly condoned, encouraged, participated in or engaged in a Prohibited Practice may be subject to administrative sanctions, as provided in the terms of the contractual agreement concluded between the GCF Personnel and the GCF.

24. With the exception of the role stipulated in paragraph 27, any disciplinary measures or administrative sanctions to be imposed on GCF Personnel shall be determined and enforced by the Executive Director. The Executive Director shall be guided by the findings and recommendations made by the IIU at the conclusion of its investigation of a report of suspected Wrongdoing concerning GCF Personnel as provided for in this Policy. Notwithstanding the foregoing, in the event that the suspected Wrongdoing is alleged to have been committed by GCF Personnel working under the Authority of the IIU, the relevant investigations shall be conducted in accordance with procedures to be approved by the Board.<sup>6</sup>

25. Reports of suspected Wrongdoing concerning GCF Board Appointed Officials (except for the Head of the IIU) or External Members or their Immediate Family Members, the investigation of such suspected Wrongdoing, and the determination and enforcement of any disciplinary measure or administrative sanction thereto, shall be addressed according to the procedures set out in the Policy on Ethics and Conflicts of Interest for Board Appointed Officials, the Policy on Ethics and Conflicts of Interest for the Executive Director of the Green Climate Fund, and the Policy on Ethics and Conflicts of Interest for External Members, as appropriate.

26. Reports of suspected Wrongdoing concerning the Head of the IIU or her/his Immediate Family Members,<sup>7</sup> the investigation of such suspected Wrongdoing, and the determination and enforcement of any disciplinary measure thereto, shall be referred to and addressed by the Ethics and Audit Committee, in accordance with the Policy on Ethics and Conflicts of Interest for Board Appointed Officials.

27. Reports of suspected Wrongdoing concerning a GCF Personnel of the IIU, or his or her Immediate Family Members, the investigation of such suspected Wrongdoing, and the determination and enforcement of any disciplinary measure thereto, shall be referred to and addressed by the Ethics and Audit Committee on an interim basis until an appropriate mechanism or procedure is established by the GCF Secretariat, in consultation with the Board, as stipulated in the Policy on Ethics and Conflicts of Interest for Board Appointed Officials.

28. Reports of suspected Wrongdoing concerning a Co-Chair of the Board, Board Member, Alternate Board Member or Adviser or their Immediate Family Members, the investigation of such suspected Wrongdoing, and the determination and enforcement of any corrective measure thereto, shall be addressed according to the procedures set out in the Policy on Ethics and Conflicts of Interest for the Board of the Green Climate Fund.

#### **8.2 Counterparties**

29. The IIU shall investigate reports of suspected Wrongdoing regarding Counterparties in accordance with the Fund's investigative standards and procedures, and shall report its findings and recommendations to the Executive Director and the Ethics and Audit Committee. For that purpose, the IIU shall:

- (a) Cooperate closely with the relevant departments or units of Counterparties regarding investigations, guided by cooperation agreements concluded between the IIU and Counterparties; and

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<sup>5</sup> Corrective measures may include censure, suspension from duty with or without pay or with reduced pay, demotion, reduction in pay, or separation of the staff member from the service of the GCF. A staff member may also be suspended from duty with pay, without prejudice, pending investigation of a charge.

<sup>6</sup> Paragraph 7, Annex IV, decision B.06/09. Until such time as the relevant procedures have been approved by the Board, reports of suspected Wrongdoing by GCF Personnel working under the authority of the Head of the IIU shall be addressed by the Ethics and Audit Committee.

<sup>7</sup> As defined in the Policies on Ethics and Conflicts of Interest and the Terms of Reference of the IIU.

- (b) Share best practices and give guidance to support the Fund's readiness activities.
30. The GCF has the right to reject or disqualify a proposal for a Fund-related Activity if it determines that the Counterparty has directly or indirectly condoned, encouraged, participated or engaged in any Prohibited Practices in the preparation of the project proposal.
31. The GCF has the right, subject to the terms of any legal agreement entered into between a Counterparty and the GCF, to sanction any Counterparty for directly or indirectly condoning, encouraging, participating in, engaging in or otherwise failing to prevent or effectively mitigate any Prohibited Practice in a Fund-Related Activity in accordance with the GCF's policies, guidelines and procedures, as may be adopted and amended from time to time. Administrative sanctions may include:
- (a) Reprimand in reference to a formal letter of reprimand of the Counterparty's behaviour;
- (b) Cancellation or suspension in reference to cancellation or suspension of GCF proceeds (in whole or in part) which have been allocated to a Counterparty but not yet disbursed under a financing agreement or contract for goods or services;
- (c) Debarment in reference to a declaration that a Counterparty, either indefinitely or for a specified period, is ineligible:
1. To be awarded future financing from the Fund;
  2. To be awarded a contract financed by the Fund;
  3. To benefit from a contract financed by the Fund, financially or otherwise, for example as a subcontractor; and
  4. To otherwise participate in GCF-related Activity, in whole or in part;
- (d) Conditional Non-Debarment in reference to a requirement for the Counterparty to comply, within specified time periods, with certain remedial, preventative or other measures as a condition to avoid debarment. In the event the Counterparty fails to demonstrate its compliance with the prescribed conditions within the time periods established, a debarment may automatically become effective for a period; and
- (e) Restitution of funds in reference to restitution of improperly used or diverted GCF proceeds or other GCF Funds.
32. Subject to the adoption of the administrative sanctions and exclusions policy, as an interim measure, the EAC will make a preliminary determination of the administrative sanction to be imposed on a Counterparty for confirmation by the Board.

### **IX. Referrals**

33. The IIU, guided by the IIU's Terms of Reference and the Human Resources Legal Framework, shall refer any report of suspected Wrongdoing which falls outside the competency of the IIU, to the appropriate office, division or unit with the GCF (including the Independent Redress Mechanism) for resolution.
34. Where the IIU determines, upon the conclusion of an investigation, that an unlawful or criminal activity has or may be reasonably suspected to have occurred, the IIU may recommend to the Executive Director and the Ethics and Audit Committee that the matter be referred to the component authorities. The Executive Director in consultation with the Ethics and Audit Committee shall determine whether to make the referral. In cases where a Covered Individual who enjoys GCF privileges and immunities is involved in a suspected unlawful or criminal activity, the Executive Director may also determine whether or not to waive the Covered Individual's privileges and immunities.

### **X. Communication and Capacity Building Actions**

35. The IIU will proactively make known and communicate widely this and other integrity policies and procedures of the GCF to Covered Individuals, Counterparties and other stakeholders through all available means and as far as possible. It shall ensure that channels for reporting suspected Prohibited Practices are easily accessible and available.
36. To further the effective implementation of this Policy, the IIU will conduct integrity training in coordination and cooperation with relevant offices of the GCF Secretariat, Counterparties and other stakeholders. The IIU will promote peer learning and engage in platforms for the sharing of best practices and give guidance that can be helpful in the implementation of Fund-related Activities.
37. The IIU will provide policy and best practice advice and support to Accredited Entities and other relevant stakeholders in developing and implementing their own Prohibited Practices policies and procedures regarding Fund-related Activities.

### **XI. Policy administration, monitoring, reporting and review**

38. The IIU, shall be responsible for the implementation of this Policy. The IIU shall collaborate with the Secretariat to advise and ensure the effective implementation of the policy including regular engagement and communication within the scope of the Policy.

39. The IIU shall report on the implementation of this Policy, on an annual basis to the Board.
40. The Secretariat shall, in collaboration with the IIU, implement this Policy through obtaining appropriate contractual protections and ensuring that obligations of Counterparties stipulated in the Policy are provided for in its legal agreements/arrangements with Covered Individuals and Counterparties and through assessing, reviewing, monitoring and reporting the compliance of Covered Individuals and Counterparties to this Policy.
41. The IIU shall proactively monitor and review the implementation of this Policy.
42. The Ethics and Audit Committee shall, every three years with the support of the IIU, present a report to the Board on issues related to the implementation of this Policy along with any recommendations for changes to it.

### XII. Consequential amendments to existing policies

43. The definition of “Prohibited Practices” in the Policies on Ethics and Conflicts of Interest for Board (including alternate Board members and advisers), External Members and Board Appointed Officials (other than the Executive Director) is hereby amended such that with respect to:
- (a) The ‘Policy on Ethics and Conflicts of Interest for the Board of the Green Climate Fund’, the definitions in paragraph 3(m)(i)-(v) of Annex I to decision B.09/03 shall be deleted and replaced with the definitions set out in paragraphs 6(n)((i)-(ix)) above, to read as follows:
- (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;
  - (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”**<sup>8</sup> 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 Whistle-blower or Witness;

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<sup>8</sup> Based on definitions used in the Interim Policy, as elaborated in the AML/CFT policy (decision B.18/10).

- (ix) **“Financing of Terrorism” or “Terrorist Financing”** is as more clearly defined in Clause 12(f) of the GCF AML/CFT Policy, and means the commission of any offence as set out in Article 2 of the International Convention for the Suppression of the Financing of Terrorism;<sup>9</sup>
- (x) **“Harassment”** means unwelcome verbal or physical behaviour that unreasonably interferes with work or creates an intimidating, hostile or offensive work environment;
- (b) The ‘Policy on Ethics and Conflicts of Interest for External Members of the Green Climate Fund’, the definitions in paragraph 3(n)(i)-(v) of Annex XXVI to decision B.10/13 shall be deleted and replaced with the definitions set out in paragraphs 6(n)((i)-(ix)) above, to read as follows:
  - (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;
  - (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”**<sup>10</sup> 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 Whistle-blower or Witness;
  - (ix) **“Financing of Terrorism” or “Terrorist Financing”** is as more clearly defined in Clause 12(f) of the GCF AML/CFT Policy, and means the commission of any offence as set out in Article 2 of the International Convention for the Suppression of the Financing of Terrorism;<sup>11</sup>
  - (x) **“Harassment”** means unwelcome verbal or physical behaviour that unreasonably interferes with work or creates an intimidating, hostile or offensive work environment.; and

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<sup>9</sup> Id.

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

<sup>11</sup> Id.

- (c) The 'Policy on Ethics and Conflicts of Interest for Board Appointed Officials', the definitions in paragraph 5(o)(i)-(v) of Annex V to decision B.13/27 shall be deleted and replaced with the definitions set out in paragraphs 6(n)((i)-(ix)) above, to read as follows:
- (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;
  - (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"**<sup>12</sup> 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 Whistle-blower or Witness;
  - (ix) **"Financing of Terrorism" or "Terrorist Financing"** is as more clearly defined in Clause 12(f) of the GCF AML/CFT Policy, and means the commission of any offence as set out in Article 2 of the International Convention for the Suppression of the Financing of Terrorism;<sup>13</sup>
  - (x) **"Harassment"** means unwelcome verbal or physical behaviour that unreasonably interferes with work or creates an intimidating, hostile or offensive work environment.
44. The definitions of Prohibited Practices in this Policy shall replace the definitions and scope of Prohibited Practices in any other existing GCF Policy.

### XIII. Effective Date

45. This Policy shall come into effect upon approval of the Board of the GCF from 28 February 2019 and supersede the Interim Policy on Prohibited Practices, as contained in decision B.12/31, paragraph (h).

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<sup>12</sup> Based on definitions used in the Interim Policy, as elaborated in the AML/CFT policy (decision B.18/10).

<sup>13</sup> Id.

## CHAPTER II. ACCREDITATION AND REACCREDITATION

### ACCREDITATION PROGRAMME

#### **\*DECISION B.24/13: Adoption of a reaccreditation process and deferral of consideration of the project specific assessment approach**

The Board, having considered document GCF/B.24/06 titled “Matters related to the accreditation framework”:

- (a) Adopts the re-accreditation process set out in annex XXVI, applying mutatis mutandis the initial guiding framework for the GCF accreditation process as contained in decision B.07/02, expecting not to create a disproportionate burden for the accredited entities; and
- (b) Decides to defer its consideration of the project-specific assessment approach as contained in annex XXVII until the twenty-fifth meeting of the Board.

(Annex XXVII mentioned in Decision B.24/13 could be found at the following link:

[https://www.greenclimate.fund/documents/20182/1908411/GCF\\_B.24\\_17\\_-\\_Decisions\\_of\\_the\\_Board\\_twenty-fourth\\_meeting\\_of\\_the\\_Board\\_12\\_14\\_November\\_2019.pdf/b456ef92-b472-c83c-822d-992e284e3330](https://www.greenclimate.fund/documents/20182/1908411/GCF_B.24_17_-_Decisions_of_the_Board_twenty-fourth_meeting_of_the_Board_12_14_November_2019.pdf/b456ef92-b472-c83c-822d-992e284e3330) )

#### Annex XXVI: Re-accreditation process for accredited entities

1. In decision B.07/02, paragraph (a), the Board adopted the initial guiding framework for the GCF accreditation process. The accreditation term for an accredited entity (AE) is five years.<sup>1</sup> The accreditation term begins upon completion of the three-stage institutional accreditation process; that is, when the signed accreditation master agreement (AMA) entered into between GCF and an AE becomes effective.<sup>2</sup>

2. The GCF initial monitoring and accountability framework<sup>3</sup> identifies the monitoring and reporting requirements applicable to AEs at both the institutional and the project/programme levels. At the institutional level, AEs are required to report during the term of their accreditation on their continued compliance with the standards for GCF accreditation, which includes annual self-assessments conducted by the AE and a midterm accreditation review conducted by GCF.

3. An AE will need to seek re-accreditation to GCF in order to maintain its status as an AE or its status as an AE will lapse at the end of its accreditation term. A risk-based approach will apply to the re-accreditation of AEs at the end of their accreditation term. No later than six months prior to the end of the accreditation period, the AE may submit an application either for re-accreditation in the same categories as before, or for accreditation in higher categories (i.e. upgrade).

#### **I. Standards for re-accreditation**

4. The general objective of the initial guiding framework for the GCF accreditation process<sup>4</sup> is to enable a coherent integration of the GCF fiduciary principles and standards, environmental and social safeguards (ESS) standards and Gender Policy<sup>5</sup> with the GCF accreditation process and its related operational systems and procedures, including the organizational structure and governance system dedicated to supporting it.

5. The following standards, which are assessed as a part of the accreditation process, will be assessed under the re-accreditation process.

##### 1.1 Fiduciary principles and standards

6. The GCF fiduciary principles and standards distinguish between basic fiduciary criteria, which are applicable to all applicants, and specialized fiduciary criteria, which will reflect the institutional capacities necessary to deliver against the GCF objectives and in accordance with the scope of responsibilities entrusted to the AE. The specialized fiduciary standards include those for project management, grant award and/or funding allocation mechanisms and on-lending and/or blending (for loans, equity and/or guarantees).

7. The GCF fiduciary principles and standards to be applied in the re-accreditation assessment include:

- (a) Initial fiduciary principles and standards (decision B.07/02);

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<sup>1</sup> Decision B.11/10, annex I, paragraph 6, states, “The accreditation of an entity to the GCF is valid for a fixed term of five years or less, depending on the terms of accreditation, in accordance with decision B.10/07.”

<sup>2</sup> Decision B.23/11, paragraph (a).

<sup>3</sup> Decision B.11/10, paragraph (a).

<sup>4</sup> Decision B.07/02.

<sup>5</sup> Decision B.09/11.

- (b) Policy on the Protection of Whistleblowers and Witnesses (decision B.BM-2018/21);
- (c) Anti-Money Laundering and Countering the Financing of Terrorism Policy (decision B.18/10);
- (d) Standards for the Implementation of the Anti-Money Laundering and Countering the Financing of Terrorism Policy (decision B.23/15);<sup>6</sup>
- (e) Policy on Prohibited Practices (decision B.22/19);<sup>7</sup> and
- (f) Policy on the Prevention and Protection from Sexual Exploitation, Sexual Abuse, and Sexual Harassment (decision B.23/16).<sup>8</sup>

### 1.2 Environmental and social safeguards

8. The GCF Environmental and Social Policy,<sup>9</sup> the interim ESS standards (including regarding indigenous people),<sup>10</sup> the Information Disclosure Policy<sup>11</sup> regarding requirements to disclose environmental and social (E&S) information for category A/intermediation 1 and category B/intermediation 2 projects/programmes, and the Policy on the Prevention and Protection from Sexual Exploitation, Sexual Abuse, and Sexual Harassment<sup>12</sup> will be applied in the re-accreditation assessment.

9. The GCF ESS standards contain the requirements that, in cases where there may be environmental and/or social risks and impacts, AEs must ensure that the executing entities they oversee and manage comply with the GCF ESS standards in relation to projects and programmes supported financially by GCF.

10. The GCF ESS standards comprise eight standards with the first one (performance standard 1: assessment and management of E&S risks and impacts) applying to all AEs seeking to become re-accredited.

11. Performance standard 1 establishes the importance of:

- (a) Integrated assessment to identify the E&S impacts, risks and opportunities of funding proposals;
- (b) Effective community engagement through the disclosure of project-related information and consultation with local communities on matters that directly affect them; and
- (c) AE management of E&S performance throughout the life of the funded project or programme.

12. Performance standards 2–8 establish objectives and requirements to avoid and minimize and, where residual impacts remain, compensate/offset the risks and impacts to workers, affected communities and the environment. While all relevant E&S risks and potential impacts should be considered as part of the assessment, performance standards 2–8 describe potential E&S risks and impacts that require particular attention.

13. Performance standards 2–8 will be utilized in a modular way as needed. Where environmental or social risks and impacts are identified, the AE is required to manage them in accordance with the GCF ESS standards through the relevant executing entity or entities that the AE oversees and manages.

### 1.3 Gender

14. The ability of the AE to meet the principles contained in the Gender Policy will be assessed during the re-accreditation process. AEs will be required to have policies, procedures and competencies in place with which to implement the Gender Policy. At the project/programme level, the AE will be responsible for implementing the Gender Policy as it relates to the GCF-approved project/programme through in-country project identification and implementation, as well as for results reporting. The application of the GCF guidelines on the initial socioeconomic and gender assessments and GCF ESS standards as they relate to the project/programme is mandatory.

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<sup>6</sup> Decision B.23/15, paragraph (b), requests 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. A proposal on integration has yet to be presented to the Board for its consideration. After adoption by the Board of the revised initial fiduciary standards, the accreditation process may be amended to reflect them.

<sup>7</sup> The Policy on Prohibited Practices adopted in decision B.22/19 replaces the General Policy on Prohibited Practices adopted by the Board in decision B.12/31, paragraph (h).

<sup>8</sup> Decision B.23/16, paragraph (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 GCF so as to integrate the obligations set out in the policy. A proposal on the update or amendment has yet to be presented to the Board for its consideration. After adoption by the Board of either the revised initial fiduciary standards, ESS standards or Gender Policy, the accreditation process may be amended to reflect them.

<sup>9</sup> Decision B.19/10.

<sup>10</sup> Decision B.07/02.

<sup>11</sup> Decision B.12/35.

<sup>12</sup> Decision B.23/16, paragraph (b), requests the Accreditation Committee, in consultation with the Head of the Independent Integrity Unit, to consider the best way to update and amend, as appropriate, the requirements placed on Accredited Entities in the relevant standards, safeguards and policies of GCF so as to integrate the obligations set out in the policy. A proposal on the update or amendment has yet to be presented to the Board for its consideration. After adoption by the Board of either the revised initial fiduciary standards, ESS standards or Gender Policy, the accreditation process may be amended to reflect them.

15. In addition, applicants and AEs must apply the principles contained in the Policy on the Prevention and Protection from Sexual Exploitation, Sexual Abuse, and Sexual Harassment.<sup>173F13</sup>

### II. Approach to the re-accreditation and process

16. The approach to and scope of re-accreditation, applying the fit-for-purpose approach to accreditation, and pursuant to the initial guiding framework for the GCF accreditation process, includes:

- (a) Process: the accreditation process, consisting of three main stages, as contained in section V of annex I to decision B.07/02. For AEs that are accredited under the direct access modality, the nomination from the national designated authority or focal point will remain valid for the re-accreditation process;
- (b) Standards for re-accreditation assessment: the standards for GCF accreditation in section I above. Any new or amended standards as contained in section I above adopted by the Board during the five-year accreditation period of an AE will be assessed at the institutional level during the re-accreditation review of the AE. However, this does not preclude the applicability of such standards to funding proposals, as may be required in accordance with GCF policies;
- (c) Conditions of initial accreditation: in the context of re-accreditation the status of accreditation conditions from the initial accreditation of the AE should be considered;
- (d) Timing to apply for re-accreditation: no later than six months prior to the end of the accreditation period;
- (e) Fees for re-accreditation: no fees for re-accreditation shall be charged if the AE is seeking re-accreditation for the same or lower scope of accreditation it was originally accredited for (e.g. the same size category, fiduciary criteria and E&S risk category). In cases where the AE is applying for an upgrade in its accreditation scope, the AE shall pay fees for the upgraded scope of accreditation minus the fees already paid for the existing accreditation scope, in line with the policy on fees for accreditation of GCF;<sup>14</sup>
- (f) Scope of review:
  - (i) Reports relating to the performance of the AE over the previous five years, including whether concept notes and funding proposals were submitted and reports on the GCF-funded activities;<sup>15</sup>
  - (ii) Risk flags incurred by the projects, AE or country over the previous five years;<sup>16</sup>
  - (iii) Report on participatory monitoring and review submitted by the national designated authority or focal point, if available, related to the GCF-funded projects/programmes undertaken by the AE within the country;<sup>17</sup>
  - (iv) For international access entities, reports on their support to direct access entities to strengthen capacities of, or otherwise support, potential subnational, national and regional entities to meet, at the earliest opportunity, the accreditation requirements of GCF in order to enhance country ownership;<sup>18</sup> and
  - (v) The Secretariat and Accreditation Panel's assessment of the extent to which the overall portfolio of activities of the AE beyond those funded by GCF has evolved during the accreditation period, in order to advance the goal of GCF to promote the paradigm shift towards low-emission and climate-resilient development pathways in the context of sustainable development;<sup>19</sup>
- (g) Reviewers: the Secretariat and the Accreditation Panel, in accordance with the process identified in the accreditation framework;
- (h) Output: recommendation to re-accredit or not to re-accredit by the Secretariat and the Accreditation Panel. The scope of accreditation recommended by the Accreditation Panel may be:
  - (i) No change (same accreditation categories the AE was originally accredited for);
  - (ii) Upgrade (new accreditation categories compared with those the AE was originally accredited for); or
  - (iii) Downgrade (lower accreditation category than the AE was originally accredited for); and

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<sup>13</sup> Decision B.23/16, paragraph (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 GCF so as to integrate the obligations set out in the policy. A proposal on the update or amendment has yet to be presented to the Board for its consideration. After adoption by the Board of either the revised initial fiduciary standards, ESS standards or Gender Policy, the accreditation process may be amended to reflect them.

<sup>14</sup> Decision B.08/04.

<sup>15</sup> Decision B.11/10.

<sup>16</sup> Decision B.11/10.

<sup>17</sup> Decision B.11/10, particularly annex I, paragraph 15.

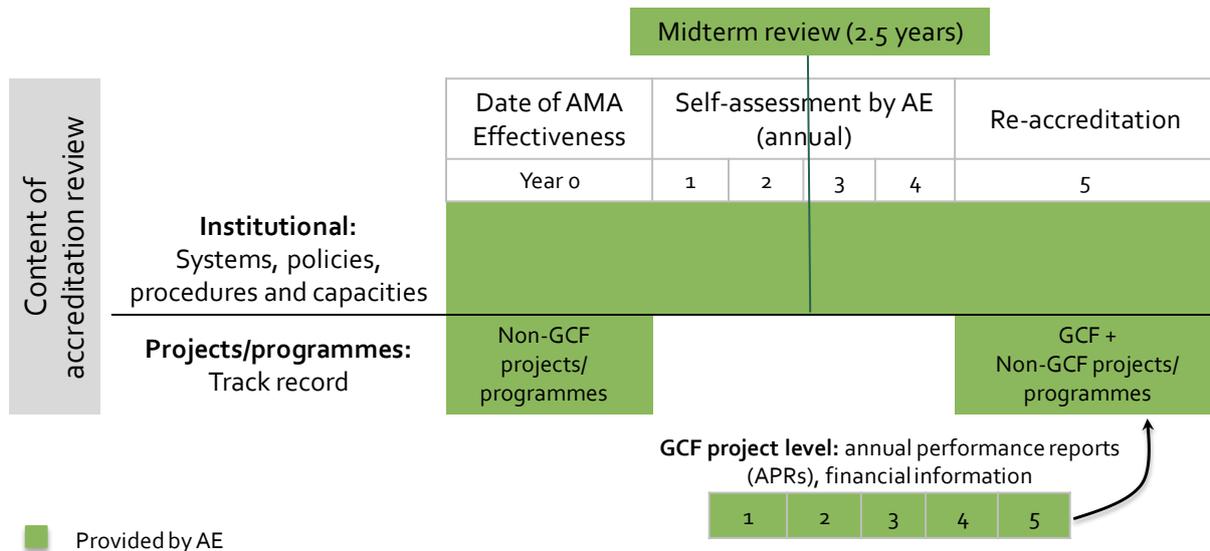
<sup>18</sup> In decision B.10/06, paragraph (i), the Board decided that "all international entities, as an important consideration of their accreditation application, shall indicate how they intend to strengthen capacities of, or otherwise support, potential subnational, national and regional entities to meet, at the earliest opportunity, the accreditation requirements of the Fund in order to enhance country ownership and that they report annually on these actions".

<sup>19</sup> Paragraph 35 of the GCF monitoring and accountability framework.

## Chapter II: Accreditation and Reaccreditation

- (i) Decision-making: the Board will decide whether an entity is to be re-accredited and for which criteria, based on the assessment conducted by the Secretariat and the Accreditation Panel.<sup>20</sup>
17. If re-accredited, the new accreditation term shall commence on the date of the effectiveness of the amended AMA, taking into account the decision on re-accreditation.
18. The Secretariat may issue a one-time extension to the accreditation term by a period of six months if further time is required to complete the re-accreditation review process and consideration by the Board, provided that the AE has submitted the complete re-accreditation application no later than six months prior to the end of its accreditation term. During this extended period, the AE shall not be able to submit any new funding proposals to GCF for consideration.
19. If an AE does not wish to seek reaccreditation or its accreditation term lapses, the AE will no longer be able to present new funding proposals to GCF for consideration. If such an AE also has approved GCF projects/programmes for which there are Funded Activity Agreements (FAAs) in place, the entity shall continue to implement said Funded Activities as per the FAA.
20. The following principles will be applied in the re-accreditation process (see the figure below):
- (a) The extent of assessment related to institutional capacities is ordered from the highest level of assessment to the least, as follows:<sup>21</sup>
- (i) Accreditation;
  - (ii) Re-accreditation;
  - (iii) Midterm review by GCF;<sup>22</sup> and
  - (iv) Annual self-assessments by AEs;<sup>23</sup>
- (b) Any assessment of institutional compliance with GCF accreditation requirements following the initial accreditation assessment (e.g. annual self-assessments, midterm accreditation review and re-accreditation) should focus on the changes in the institutional systems, policies, procedures and capacities that impact the ability of the AE to undertake its role and responsibilities as an AE and meet its obligations as per the AMA;
- (c) The re-accreditation process and midterm accreditation review should build upon the institutional compliance assessments previously reported by the AEs and conducted by GCF in order to minimize overlap in the periodic reviews and reduce the burden for both AEs and GCF in the re-accreditation process; and
- (d) For applications for re-accreditation for the same accreditation scope as the initial accreditation, taking into account paragraph 16(b) above, only new track records during the accreditation term should be subject to review. For re-accreditation applications that include an application for a new accreditation scope, the accreditation assessment of the new accreditation scope will be treated as an upgrade application and be assessed in its entirety (i.e. not only focusing on changes, because the new scope has never been assessed).

### Approach to level of due diligence for institutional accreditation and re-accreditation



Abbreviation: AE = accredited entity.

<sup>20</sup> Decision B.10/07, paragraph (c).

<sup>21</sup> Unless otherwise agreed in effective AMAs.

<sup>22</sup> Decision B.11/10.

<sup>23</sup> Decision B.11/10.

21. The indicative approach to paragraph 16 above is as follows:
- (e) Year 1: the AE provides its annual self-assessment using the GCF annual self-assessment template covering the period from year 0 to year 1, indicating whether there have been any changes in institutional systems, policies, procedures and capacities that impact its ability to undertake the role and responsibilities of an AE and obligations as per its AMA with GCF. If there are no changes, the AE would report this. If there are changes, further information should be provided by the AE in order for GCF to assess whether such changes impact its status as an AE;
  - (f) Year 2: the same as (a) above, but focusing on changes during the period from year 1 to year 2;
  - (g) Midterm review at approximately 2.5 years: GCF conducts its review on the basis of information already provided by the AE in the year 1 and year 2 self-assessments, and any changes since year 2 reported by the AE in the GCF midterm review template;
  - (h) Year 3: the same as (a) and (b) above, but focusing on changes during the period from year 2 (or midterm review) to year 3;
  - (i) Year 4: the same as (d) above, but focusing on changes during the period from year 3 to year 4; and
  - (j) Year 5 (six months prior to the end of the fifth year): the AE applies for re-accreditation focusing on changes during the period from year 4 to year 5.
22. In cases where the annual self-assessment is not required but the midterm review and re-accreditation are, at the time of the midterm review of these AEs, any changes in the institutional systems, policies, procedures and capacities of the AE that impact its ability to undertake the role and responsibilities of an AE and obligations as per its AMA with GCF for the period between year 0 and year 2.5 would be assessed. At the time of re-accreditation, such changes for the period between year 2.5 and year 5 would be assessed.

### III. Upgrades in accreditation scope

23. The accreditation of additional institutional capacities (e.g. upgrade in accreditation scope) can be done at any time and as soon as the AE considers itself ready to pursue such an upgrade in its accreditation. The accreditation process for the upgrade will then focus only on the new capacities to be reviewed and not on all the other capacities already accredited.

24. The table below outlines indicative approaches for different scenarios regarding the status quo or changes in the accreditation scope (see also para. 16(d) above):

#### Indicative approach to re-accreditation scenarios concerning changes in accreditation scope

Compared with initial accreditation	Case A: no change to accreditation scope <ul style="list-style-type: none"> <li>• Original = PM</li> <li>• Re-accreditation = PM</li> </ul>	Case B: change in accreditation scope <ul style="list-style-type: none"> <li>• Original = PM</li> <li>• Re-accreditation = PM and GA</li> </ul>	Case C: change in original accreditation and accreditation scope <sup>a</sup> <ul style="list-style-type: none"> <li>• Original = PM</li> <li>• Re-accreditation = PM and GA</li> </ul>
<b>Initial accreditation</b>			
<b>Accreditation criteria</b>	Same	Change	Change
1. Systems, policies, procedures and capacities	Same	<ul style="list-style-type: none"> <li>• Same for PM</li> <li>• New for GA</li> </ul>	<ul style="list-style-type: none"> <li>• Change in PM</li> <li>• New for GA</li> </ul>
2. Track record	Change (GCF + non-GCF (in the absence of GCF) projects/programmes)	Change (GCF + non-GCF (in the absence of GCF) projects/programmes)	Change (GCF + non-GCF (in the absence of GCF) projects/programmes)
<b>Re-accreditation</b>			
<b>Scope of the re-accreditation assessment</b>	Focus on new track record (GCF + non-GCF (in the absence of GCF) projects/programmes), including project performance reviews and risk flag reporting	<ul style="list-style-type: none"> <li>• For the same criteria (PM), focus on new track record (GCF + non-GCF (in the absence of GCF) projects/programmes), including project performance reviews and risk flag reporting</li> <li>• For new criteria (GA), check (1) systems, policies,</li> </ul>	<ul style="list-style-type: none"> <li>• For the same criteria (PM), focus on change compared with the original in (1) systems, policies, procedures and capacities and (2) new track record (GCF + non-GCF (in the absence of GCF) projects/programmes),</li> </ul>

<b>Compared with initial accreditation</b>	<b>Case A: no change to accreditation scope</b> <ul style="list-style-type: none"> <li>• Original = PM</li> <li>• Re-accreditation = PM</li> </ul>	<b>Case B: change in accreditation scope</b> <ul style="list-style-type: none"> <li>• Original = PM</li> <li>• Re-accreditation = PM and GA</li> </ul>	<b>Case C: change in original accreditation and accreditation scope<sup>a</sup></b> <ul style="list-style-type: none"> <li>• Original = PM</li> <li>• Re-accreditation = PM and GA</li> </ul>
		procedures and capacities and (2) track record (e.g. new accreditation application for GA, treated as an upgrade)	including project performance reviews and risk flag reporting <ul style="list-style-type: none"> <li>• For new criteria (GA), check (1) systems, policies, procedures and capacities and (2) track record (e.g. new accreditation application for GA, treated as an upgrade)</li> </ul>
<b>Additional items to be assessed during re-accreditation</b>	<ul style="list-style-type: none"> <li>• IAE intent to support DAEs</li> <li>• Extent to which the AE's overall portfolio of activities beyond those funded by GCF has evolved in the direction of GCF goals</li> </ul>	<ul style="list-style-type: none"> <li>• IAE intent to support DAEs</li> <li>• Extent to which the AE's overall portfolio of activities beyond those funded by GCF has evolved in the direction of GCF goals</li> </ul>	<ul style="list-style-type: none"> <li>• IAE intent to support DAEs</li> <li>• Extent to which the AE's overall portfolio of activities beyond those funded by GCF has evolved in the direction of GCF goals</li> </ul>

*Abbreviations:* DAE = direct access entity, GA = specialized fiduciary standard for grant award and/or funding allocation mechanisms, IAE = international access entity, PM = specialized fiduciary standard for project management.

<sup>a</sup> Accreditation scope as in: maximum financing size category; environmental and social safeguards risk category; geographic scope (national/regional).

**\*DECISION B.23/11: Accreditation Framework, accreditation application review priorities and start of the accreditation**

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;

- (vi) Accredited entities seeking fulfilment of their conditions for accreditation; and
- (vii) 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.

(Note: Document GCF/B.23/05 mentioned in Decision B.23/09 could be found at the following link: [https://www.greenclimate.fund/documents/20182/1674504/GCF\\_B.23\\_05\\_-\\_Updated\\_accreditation\\_framework.pdf/8ddbfc2-9590-8b55-eb6e-752f829fc3c8](https://www.greenclimate.fund/documents/20182/1674504/GCF_B.23_05_-_Updated_accreditation_framework.pdf/8ddbfc2-9590-8b55-eb6e-752f829fc3c8))

### **DECISION B.21/16 (e): Accreditation priorities to be used through the 23<sup>rd</sup> meeting of the Board**

The Board, having considered document GCF/B.21/17 and its limited distribution addenda Add.01, Add.02, Add.03 and Add.04 titled “Consideration of accreditation proposals”:

- (e) Recalling decision B.14/08, paragraph (d)(i), decision B.18/04, paragraph (c), and decision B.19/13, paragraph (c), 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-third 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 an accredited direct access national 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 the Green Climate Fund, 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.

### **DECISION B.22/16: Review of the Accreditation Framework**

The Board, having considered matters related to the review of the accreditation framework:

- (a) Takes note of the report on the review of the accreditation framework in annex IX;
- (b) Decides to streamline the accreditation process in order to accelerate the review and consideration of entities applying for accreditation;
- (c) Requests the Secretariat to implement the recommendations identified in annex X; and
- (d) Also requests the Accreditation Committee, with the support of the Secretariat, to consult with the Board and alternate members, accredited entities and national designated authorities and focal points on matters related to the review of the accreditation

framework as contained in annexes XI and XII, and present an updated accreditation framework for consideration and adoption by the Board at its twenty-third meeting.

(Note: Annexes IX, XI and XII mentioned in Decision B.22/16 could be found at the following link: [https://www.greenclimate.fund/documents/20182/1424894/GCF.B.22.24 - Decisions of the Board twenty-second meeting of the Board 25 28 February 2019.pdf/1f2149d0-0bed-9b1e-9f14-0ca3e2a65b0a](https://www.greenclimate.fund/documents/20182/1424894/GCF.B.22.24_-_Decisions_of_the_Board_twenty-second_meeting_of_the_Board_25_28_February_2019.pdf/1f2149d0-0bed-9b1e-9f14-0ca3e2a65b0a))

### Annex X: Recommendations for improving the accreditation framework to meet the objectives of GCF

1. Improve the guidelines on accreditation to further clarify the roles and responsibilities of an accredited entity (AE) throughout the period of accreditation and the project lifecycle.
2. Improve the guidelines on country programmes and readiness support to further assist countries in identifying and nominating the most relevant entities and those that are capable of advancing their programming priorities to align with GCF policies, standards and other requirements.
3. In cases where there is more than one applicant that is a part of the government system that is nominated and seeking accreditation, and where such applicants do not possess separate legal personalities from the government or the sovereign, the legal agreement (e.g. accreditation master agreement) between GCF and the government or sovereign in respect of such entities should be substantially consistent across each of them in order to maintain the same terms of the agreement between GCF and the country that will discharge its roles and responsibilities as an AE through each of such applicants.
4. In cases of multiple applicants that are part of the same organization, the entity within the organization that is best suited to undertake the role and responsibilities of the AE and that has the relevant institutional presence and relevant networks itself to bring forward projects/programmes that meet the objectives and mandate of GCF should seek accreditation and enter into legal agreements with GCF. Entities without separate legal personality (such as branches or country offices) should be included in the application made by the relevant entity with legal personality. Subsidiaries, affiliates, and other entities that have separate legal personality, but which are part of the same corporate or organizational group as the entity that is seeking accreditation, may be included in such an accreditation application and assessed at the same time as such an entity. Notwithstanding the foregoing, subsidiaries, affiliates, country offices, and branches, among others, that are not accredited in their own right may still participate as an executing entity in the project/programme proposed by the entity within the organization that is the AE.

### **DECISION B.19/13: Extension of accreditation priorities and development of a project-specific assessment approach**

The Board, having considered document GCF/B.19/28 titled “Further development of the accreditation framework”:

- (a) Takes note of the progress report on the review of the accreditation framework included in annex XIV;
- (b) Notes that the full report on the review of the accreditation framework with further recommendations will be presented to the Board as early as its twentieth meeting;
- (c) Decides to extend the prioritization of entities applying for accreditation in accordance with decision B.14/08, paragraph (d)(i), until the end of the twentieth meeting of the Board;
- (d) Takes note of the project-specific assessment approach that combines assessments undertaken during the existing accreditation and proposal approval processes in a fit-for-purpose manner as contained in annex XIII; and
- (e) Requests the Secretariat to further develop the approach referred to in paragraph (d) above, taking into account the views of Board members and as part of the proposals from the full review of the accreditation framework, for the Board’s consideration at its twentieth meeting.

### Annex XIII: Parameters for a project-specific assessment approach

1. The project-specific assessment approach applies to any funding proposal submitted under the Simplified Approvals process<sup>1</sup> and the following Requests for Proposals approved by the Board:
  - (a) A pilot phase for enhancing direct access;<sup>2</sup>

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<sup>1</sup> Decision B.18/06.

- (b) A pilot scheme to support micro-, small-, and medium-sized enterprises;<sup>3</sup> and
  - (c) A pilot programme to mobilize funds at scale.<sup>4</sup>
2. Entities submitting such funding proposals may include entities not yet accredited to the GCF, as well as accredited entities (AEs) who submit or have submitted funding proposals in relation to the pilot programmes referred to in paragraph 1 above which go beyond such AEs existing approved accreditation scope. In accordance with the initial no-objection procedure per decision B.08/10, a no-objection letter from the national designated authority (NDA) or focal point is required for all funding proposals for a project/programme submitted in this pilot. Due to the nature of this approach NDAs/focal points are not required to also nominate direct access entities submitting funding proposals under this approach.
3. Each entity will be capped at a maximum of three approved funding proposals.
4. Unless stated otherwise in this annex, the Secretariat will undertake an assessment of the proposed project/programme and the entity submitting the funding proposal in a manner consistent with all relevant GCF policies, and will also build on assessments previously undertaken by the GCF, where applicable. The Secretariat will augment its capacity by using external experts, third party organizations and/or service providers to support it in undertaking such assessments on its behalf.
5. The results of the assessment along with the funding proposal and assessment by the independent Technical Advisory Panel (iTAP) will be presented to the Board for a funding decision.
6. The Board will also retain its decision-making authority to select the entity or entities of the proposed project/programmes when considering the funding proposal.
7. The entity or entities submitting a funding proposal to the GCF under this approach will carry the same responsibilities as an accredited entity were it to submit the same funding proposals, and such responsibilities will be codified in legal arrangements similar to the template accreditation master agreement and funded activity agreements, as may be relevant to the approved project/programme.

(Note: Annex XIV mentioned in Decision B.19/13 can be found at the following link:

[https://www.greenclimate.fund/documents/20182/953917/GCF\\_B.19\\_43\\_-\\_Decisions\\_of\\_the\\_Board\\_nineteenth\\_meeting\\_of\\_the\\_Board\\_26\\_February\\_1\\_March\\_2018.pdf/350a95f3-c122-512b-e8c1-bfd1629fa60c](https://www.greenclimate.fund/documents/20182/953917/GCF_B.19_43_-_Decisions_of_the_Board_nineteenth_meeting_of_the_Board_26_February_1_March_2018.pdf/350a95f3-c122-512b-e8c1-bfd1629fa60c))

### **\*DECISION B.19/09: Revised policy on fees for accredited entities and delivery partners**

The Board having reviewed document GCF/B.19/29 titled “Policy on fees for accredited entities and delivery partners”:

- (a) Adopts the policy on fees as set out in in annex VIII;
- (b) Also adopts the general principles and indicative list of eligible costs covered under GCF fees and project management costs as detailed in annex IX; and
- (c) Authorizes the Secretariat to make the required changes to the indicative list of eligible costs to be covered under GCF fees and the indicative list of eligible project management costs as detailed in annex IX for the implementation of the GCF funded activity and readiness activities.

#### Annex VIII: Policy on fees

1. The table below sets out the Fees Structure for accredited entities (AEs) of GCF for public sector grants for projects/programmes and project/programme preparation under the Project Preparation Facilities (PPFs), and to delivery partners (DPs) for grants under the Readiness Programme, including for national adaptation plans (NAPs) and other adaptation planning processes. The percentages shown in the table below represent the maximum fees\* for the size categories for public sector grant projects, PPFs and readiness grants, including NAPs and other adaptation planning processes. Fees for private sector projects/programmes and fees for non-grant public sector projects/programmes will be negotiated on a case-by-case basis, as required. The policy on fees will only apply to the projects/programmes, PPFs and the Readiness Programme, including NAPs or other adaptation planning processes, approved by GCF after B.19.

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<sup>2</sup> Decision B.10/04.

<sup>3</sup> Decision B.10/11.

<sup>4</sup> Decision B.16/03.

**Table: Fees structure for AEs of the Green Climate Fund**

Size <sup>1</sup>	Fee cap % of GCF funding (grant portion) <sup>2</sup>
Micro (< USD 10 million)	Up to 8.5%*
Small (USD 10–50 million)	Up to 7% **
Medium (USD 50–250 million)	Up to 5%
Large (> USD 250 million)	Up to 4%

“Up to” means the fees are subject to review and negotiation between GCF and the accredited entity based on the general principles and eligible expenditures.

\*In case of the micro-size projects, a fees cap may be increased to 10% if the Secretariat considers that there is a strong justification for increasing the percentage.

\*\*In case of the Small size projects, a fees cap may be increased to 8% if the secretariat considers that there is a strong justification for increasing the percentage.

### Annex IX: General principles and indicative list of eligible costs covered under GCF fees and project management costs

#### **I. General principles**

1. Schedule of fees disbursement:
  - (a) Ninety per cent (90%) of the agreed total fee will be disbursed following one of the following options, to be agreed upon between the Secretariat and the accredited entity (AE) or delivery partner (DP) and represented in the funded activity agreement (FAA) or other relevant agreements:
    - (i) Disbursement in amounts proportional to and coincident with disbursement of project funds; or
    - (ii) Disbursement according to a schedule proposed by the AE or DP, with substantiation of anticipated costs and their schedule, to be agreed with the Secretariat, with disbursement of fees along with the first disbursement of project funds not exceeding 50 per cent of the agreed total fee;
  - (b) Ten per cent of the agreed total fee will be disbursed after the recipient submits to the Secretariat the project completion report and any other requirement on project completion as specified in the FAA or other relevant agreement, with the substance of the submission to the satisfaction of the Secretariat.
2. Non-Duplication: the fees paid to an AE or DP will not duplicate other forms of support provided to the entity, such as technical assistance.
3. Purpose and intended use: the use of fees by the AE or DP will be subject to reporting and certification. It is intended that fees are used to support the implementation of GCF projects and other eligible GCF-related activities.
4. Periodic review: the fee structure (as presented under annex II) will be reviewed in 2 years and adjusted based on the business realities. The Secretariat should, on an annual basis, provide an analysis of fee levels across the different types of projects to the Board.
5. Economies of Scale: AEs or DPs managing more than five GCF projects or readiness support projects, respectively, are expected to explore synergies in the management of projects in their GCF portfolio, which should result in cost savings across the portfolio of projects under management, which is to be reflected in the fee request.
6. Where the AE also undertakes an executing entity (EE) role in the same project that it would serve as an AE,<sup>3</sup> the AE must clearly differentiate between its responsibilities as an AE (e.g. oversight, supervision and management) and its responsibilities as the EE.
7. The percent of project management costs (PMC) financed by GCF should not be more than the percentage share of the overall budget financed by GCF. The PMC should be shown as a separate component in the project budget. A detailed breakdown and explanation of the components of PMC should be provided.

<sup>1</sup> Annex I to decision B.08/02.

<sup>2</sup> If a grant falls under the higher GCF funding category, the fees cap shouldn't be lower than the highest fees cap under the preceding lower funding category. For example, the fees cap for a USD 51 million grant should be USD 3.5 million (i.e. USD 50 million × 7 per cent) and not USD 2.55 million (i.e. USD 51 million × 5 per cent).

<sup>3</sup> Per the accreditation master agreement template considered by the Board at its twelfth meeting and contained in annex XXVI to decision B.12/31, “executing entity” means any entity, which includes, as the case may be, a developing country that is a party to the Convention, through which GCF proceeds are channeled or used for the purposes of a funded activity or parts thereof, and/or any entity that executes, carries out or implements a funded activity, or any part thereof. For the avoidance of doubt, the accredited entity may also carry out the functions of an executing entity.

8. PMC exceeding 5 per cent for a funding proposal exceeding USD 3 million will require detailed documentation supporting the entire PMC budget.
9. PMC exceeding 7.5 per cent for funding proposals, Readiness proposals (including national adaptation plans, or NAPs), and Project Preparation Facility (PPF) proposals up to USD 3 million will require detailed documentation and justification supporting the entire PMC budget.
10. In cases where the AE or DP also undertakes an EE role in the same project that it would serve as an AE or readiness activity that it would serve as a DP, the same should be clearly identified in the funding proposal or readiness proposal, respectively. The AE or DP must clearly differentiate between its role as an AE or DP (e.g. oversight, supervision and management) and the EE role in the project and establish appropriate institutional arrangements, clear lines of responsibilities and accountabilities.

### **II. Applicability of the fees policy**

11. The revised fee policy applies to public sector grant instruments for projects/programmes, PPFs and the Readiness Programme, including NAPs or other adaptation planning processes, approved by GCF after B.19.
12. Fees for private sector projects/programmes and fees for non-grant public sector projects/programmes are negotiated on a case-by-case basis and shall not exceed the fees cap as set out in Annex II.

### **III. Indicative list of eligible costs covered under GCF fees**

13. The following is a list of activities to be financed by AE or DP fees:
  - 3.1 Project implementation and supervision
    - (a) Appraise and finalize project implementation arrangements, including mission travel;
    - (b) Assist and advise the project proponent on the establishment of project management structure in the recipient country/countries;
    - (c) Assist project management to draft terms of reference (TOR) and advise on the selection of experts for implementation;
    - (d) Advise on and participate in project start-up workshops;
    - (e) Conduct at least one supervision mission per year, including briefing operational focal points on project progress;
    - (f) Provide technical guidance, as necessary, for project implementation'
    - (g) As necessary, include technical consultants during supervision missions to advise government officials on technical matters and provide technical assistance for the project as needed;
    - (h) Oversee procurement and financial management to ensure implementation is in line with the policies and timelines of the AEs or DPs;
    - (i) Disburse funds to the EEs/vendors (as applicable) and review financial reports;
    - (j) Assist/oversee the audit process throughout the project life cycle;
    - (k) Oversee the preparation of the required reports for submission to the Secretariat;
    - (l) Monitor and review project expenditure reports;
    - (m) Prepare periodic revisions to reflect changes in annual expense category budgets; and
    - (n) Undertake a midterm review, including possible project restructuring.
  - 3.2 Project completion and evaluation
    - (a) Oversee the preparation of the project completion report/independent terminal evaluation, and submit the report to the Secretariat;
    - (b) Prepare project closing documents for submission to the Secretariat; and
    - (c) Prepare the financial closure of the project for submission to the Secretariat.
  - 3.3 Reporting
    - (a) Include all the reporting requirements as agreed in the accreditation master agreement (AMA) and funded activity agreement (FAA).

### **IV. Indicative list of eligible project management costs**

12. The following list provides a useful illustration of the project management activities and costs that can be included in funding proposals under project management costs.

- 4.1 Project management activities
  - (a) Preparation of the annual project work plans/programmes and budgets, including analysis and reporting;
  - (b) Preparation of procurement plans;
  - (c) Preparation of the project withdrawal requests for disbursement;
  - (d) Preparation of TOR and procurement packages;
  - (e) Tracking and monitoring of project costs and deliverables to plan;
  - (f) Maintenance of a knowledge and records management system;
  - (g) Preparation of progress reports and financial management reports;
  - (h) Support to the project steering committee/project board or equivalent body; and
  - (i) Liaisons with the auditors on any audit related matters.
- 4.2 Eligible project management costs
  - 4.2.1 Project staffing and consultants
    - (a) Project manager;
    - (b) Project assistant;
    - (c) Procurement personnel;
    - (d) Finance personnel; and
    - (e) Support/administrative personnel.
  - 4.2.2 Other direct costs
    - (a) Office equipment;
    - (b) Mission-related travel costs of the project management unit;
    - (c) Project management systems and information technology; and
    - (d) Office supplies.
  - 4.2.3 Project activities and costs not covered in project management costs
    - (a) Costs of salaries and benefits of seconded staff from the EEs, unless pre-approved by GCF;
    - (b) Costs of salaries and fees for AE staff or consultants, unless these have been pre-approved by GCF;
    - (c) Budgeted costs under general classifications such as miscellaneous or unspecified;
    - (d) Any budgeted costs indicated as contingent costs; and
    - (e) Monitoring of project indicators and periodic monitoring reports (these are budgeted under the measurement and evaluation budget and is a separate line of the project costs.

(Note: Appendix I, Interim policy on fees, is found under decision B.11/10 (please see \*DECISION B.11/10: Operationalizing the initial monitoring and accountability framework for accredited entities, adopting the initial policy on fees) and Appendix II mentioned in Annex IX of decision B.19/09 can be found at the following link: [https://www.greenclimate.fund/documents/20182/953917/GCF\\_B.19\\_43\\_-\\_Decisions\\_of\\_the\\_Board\\_nineteenth\\_meeting\\_of\\_the\\_Board\\_26\\_February\\_1\\_March\\_2018.pdf/350a95f3-c122-512b-e8c1-bfd1629fa60c](https://www.greenclimate.fund/documents/20182/953917/GCF_B.19_43_-_Decisions_of_the_Board_nineteenth_meeting_of_the_Board_26_February_1_March_2018.pdf/350a95f3-c122-512b-e8c1-bfd1629fa60c))

### **DECISION B.18/04: Review/Revision of the Accreditation Framework and Prioritization of Applications**

The Board, having considered document GCF/B.18/15 titled “Matters related to the accreditation framework and policy gaps: Co-Chairs’ proposal”:

- (a) Decides to commence the review of the accreditation framework;
- (b) Requests the Secretariat to present a proposal for the revision of the accreditation framework that includes other modalities for institutions to work with the GCF, as early as the nineteenth meeting of the Board; and

- (c) Decides to extend the prioritization of entities applying for accreditation in accordance with decision B.14/08, paragraph (d)(i), until the end of the nineteenth meeting of the Board.

**DECISION B.17/14: Consultations on matters related to the accreditation framework and policy gaps**

The Board:

Requests the Co-Chairs to undertake consultations with members and alternate members of the Board in relation to decision B.13/28, paragraph (b), and decision B.14/08, paragraph (c), and present a proposal on matters related to the accreditation framework and policy gaps for consideration by the Board at its eighteenth meeting.

**\*DECISION B.14/08: Strategy on Accreditation and Prioritization of Entity Application Review**

The Board, having considered document GCF/B.14/09 titled “Strategy on accreditation”,

- (a) Takes note of the draft strategy on accreditation contained in annex II;
- (b) Requests the Accreditation Committee in consultation with the Secretariat, the Accreditation Panel and national designated authorities, and taking into consideration previous decisions of the Board, in particular decision B.08/10 on country ownership and decision B.12/20 on the strategic plan for the GCF, to continue to elaborate on the draft strategy for its further consideration at the fifteenth meeting of the Board;
- (c) Acknowledges the recommendation of the Accreditation Committee and the Accreditation Panel to further develop the accreditation framework, which should consider lessons learned and the discussions of the Board at its fourteenth meeting;
- (d) Decides that future accreditation decisions by the Board should aim to bring forward accredited entities that fill the mandate on balance, diversity and coverage and advance the objectives of the GCF, and to that end:
  - (i) Decides to request the Accreditation Panel and the Secretariat to establish a prioritization of entities applying for accreditation, and prioritizes in 2016 and 2017 the following, not listed in any particular order of priority:
    1. National direct access entities;
    2. Entities in the Asia-Pacific and Eastern European regions;
    3. Private sector entities, in particular those in developing countries, seeking a balance of diversity of entities in line with decisions B.09/07, paragraph (g) and decision B.10/06, paragraph (h);
    4. Entities responding to requests for proposals issued by the 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;
    5. Entities seeking fulfilment of conditions for accreditation; and
    6. Entities requesting upgrades; and
  - (ii) Requests the Secretariat, in consultation with the Accreditation Committee and Accreditation Panel, to consider how to refine the method and criteria for prioritization for consideration of the Board at the sixteenth meeting of the Board;
- (e) With a view to increasing the efficiency of the accreditation process:

- (i) Requests the Secretariat, in consultation with the Accreditation Panel, to develop modalities for the use of third-party evidence for review by the Board by its sixteenth meeting;
  - (ii) Decides to review the fast-track process as defined in decisions B.08/03, B.10/06 and B.12/30 by the twentieth meeting of the Board; and
  - (iii) Recalling decision B.08/03, paragraphs (f) and (k), requests the Accreditation Panel, with the support of the Secretariat, under the guidance of the Accreditation Committee, to elaborate the following elements for decision by the Board at its seventeenth meeting in 2017, an assessment, including a gap analysis, of the Adaptation Fund's Environmental and Social Policy (approved in November 2013 and amended in March 2016) and Gender policy (approved in March 2016) in line with the GCF interim environmental and social safeguards and gender policy with recommendations on their potential accreditation or fast-tracking;
- (f) Decides to commence review of the GCF initial fiduciary standards in 2017 in accordance with decision B.07/02; and
- (g) Requests the Accreditation Panel to report at the fifteenth meeting of the Board on progress made towards establishing a baseline for the whole portfolio of accredited entities in accordance with decision B.12/30.

### Annex II: Strategy on accreditation

#### **I. Objectives of the accreditation strategy**

##### 1.1 Context and scope

1. As an operating entity of the Financial Mechanism of the United Nations Framework Convention on Climate Change and the Paris Agreement, the GCF provides support to developing countries and Parties to the Convention and the Paris Agreement to limit or reduce their greenhouse gas emissions and to adapt to the impacts of climate change. As stated in the Governing Instrument for the GCF, access to GCF resources will be through national, regional and international implementing entities accredited by the Board.<sup>1</sup>
2. The Board set up an Accreditation Committee (AC) composed of members of the Board, approved an accreditation framework and appointed an independent Accreditation Panel (AP), composed of technical experts, to undertake an assessment of prospective accredited entities. An Online Accreditation System was developed by the Secretariat and opened to applicants on 17 November 2014. As a result and with a fit-for-purpose approach,<sup>2</sup> 33 entities had been accredited as of the thirteenth meeting of the Board (B.13), representing national, regional and international institutions, public as well as private.
3. Given the role of accredited entities (AEs) in delivering the GCF mandate and channelling climate finance, the Board requested the AC, with the support of the Secretariat, to prepare an accreditation strategy that will "examine issues including efficiency, fairness and transparency of the accreditation process, as well as the extent to which current and future accredited entities enable the Fund to fulfil its mandate".<sup>3</sup>
4. The present strategy is intended to set broad objectives and principles that will guide the continuous improvement of the accreditation process. The strategy is the result of extensive consultations and discussions at the Board level, and inputs received from stakeholders following a public call that was launched on 18 April 2016. It also incorporates stocktaking, lessons learned and recommendations from the AC, the AP and the Secretariat.
5. The time frame of the strategy will be three years with the AC providing reports on the progress of the implementation of the strategy to the Board.
6. The AC, the AP and the Secretariat intend to further develop the areas of the strategy that are important for enhancing the efficiency, fairness and transparency of the accreditation process based on a continuous monitoring and evaluation process.

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<sup>1</sup> Paragraph 41 of the Governing Instrument.

<sup>2</sup> Decision B.08/02, annex I, paragraphs 2 and 5, state: "The fit-for-purpose accreditation approach recognizes the role of a wide range of entities, which differ in the scope and nature of their activities, as well as their capacities", and "The accreditation process will take into account the scale of funding that the entity intends to access, its track record in undertaking climate-related projects and activities, as well as the nature of its intended activities. This approach will ensure that the assessment of the applicant entity's conformity with the fiduciary standards, and relevant capacities related to the Fund's ESS, in the accreditation process is commensurate with the level of fiduciary and nonfinancial (e.g. environmental and social) risk to which the Fund will be exposed through the activities of implementing entities and intermediaries".

<sup>3</sup> Decision B.10/06, paragraph (r).

### 1.2 Roles and responsibilities of accredited entities

7. The GCF and its network of AEs will be responsible for the delivery of financing to developing countries in order to meet internationally agreed climate goals at scale, while also meeting GCF standards and safeguards. Accreditation of entities is central to the GCF business model and is a means to an end, which is delivering on GCF objectives.

8. The GCF relies on the due diligence and the risk assessment performed by AEs.<sup>4</sup> They will be responsible for the overall management, implementation and supervision of activities financed by the GCF and are expected to administer funds disbursed with at least the same degree of care as they use in the administration of their own funds.

9. Direct access entities are important for promoting country ownership and understanding national priorities and contributions towards low-emission and climate-resilient development pathways.

10. AEs will engage with international and national private sector entities, particularly in developing countries, to support GCF objectives, including the promotion of the paradigm shift towards low-emission and climate-resilient development pathways. Together with international and regional entities, AEs can provide additional choices of partners.

11. The GCF is responsible for fostering meaningful relationships, collaborations, and knowledge exchange among AEs. Therefore, the GCF will support the network of AEs to foster the sharing of lessons learned, institution-building and continuous learning.

12. AEs must demonstrate a commitment to climate change and sustainable development through a track record of implementing high social and environmental standards, transparency, internationally competitive and open procurement, untied aid, and low-carbon investments.

13. The GCF will seek to incentivize AEs to transform their overall portfolio beyond assets financed by the GCF so as to contribute to meeting the objectives of the GCF, the Convention and the Paris Agreement, particularly Article 2, paragraph 1, which calls for, in enhancing the implementing of the United Nations Framework Convention on Climate Change, including its objective, and in the context the sustainable development and efforts to eradicate poverty:

- (a) Holding the increase in the global average temperature to well below 2 °C above pre- industrial levels and pursuing efforts to limit the temperature increase to 1.5 °C above pre-industrial levels, recognizing that this would significantly reduce the risks and impacts of climate change;
- (b) Increasing the ability to adapt to the adverse impacts of climate change and foster climate resilience and low greenhouse gas emissions development, in a manner that does not threaten food production; and
- (c) Making finance flows consistent with a pathway towards low greenhouse gas emissions and climate-resilient development.

### 1.3 Other ways to engage with the GCF

14. In addition to accreditation, there are other ways for entities to partner with the GCF, which may include, but are not limited to:

- (a) Acting as the executing entity for an already accredited entity, implementing its projects funded by the GCF;
- (b) Co-financing projects with an already accredited entity; and
- (c) Acting as a readiness delivery partner, provided that the entity can demonstrate relevant expertise, experience and ability to implement.<sup>5</sup>

## II. Guiding principles of accreditation

15. This strategy was informed by the following guiding principles:

- (a) Ability to contribute to the GCF mandate of supporting a paradigm shift;
- (b) Promotion of country ownership,<sup>6</sup>
- (c) Balance and diversity;
- (d) Efficiency in terms of cost, time and resources; and
- (e) Fairness, effectiveness and transparency through its activities.

16. The GCF accreditation strategy is also consistent with the principles as outlined in the Governing Instrument.

### 2.1 Effectiveness in supporting a paradigm shift

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<sup>4</sup> Annex XXVII to decision B.12/31.

<sup>5</sup> Decision B.08/11.

<sup>6</sup> Decision B.10/10.

17. The accreditation of AEs is expected to promote the leverage of finance, to mainstream climate considerations across project pipelines, to continually engage with the GCF, and to build on comparative advantages and value added.
18. GCF engagement with the private sector, including small- and medium-sized enterprises from developing countries, is important to meet the goal of paradigm shift. The accreditation process should be efficient and effective in order to attract a wide variety of private sector actors that actively support the vision and goals of the GCF.
19. AEs, including direct access entities, may apply for upgraded accreditation in size and risk categories as their capacities and track record develop, in order to further facilitate delivery at scale.
- 2.2 Enhancing country ownership
20. The accreditation process can be an effective way of setting high standards in country ownership. National designated authorities (NDAs) are encouraged to engage with the Secretariat in order to identify which entities are a good fit to advance GCF objectives and which should be nominated in their countries.
21. When reviewing their applications, the Secretariat should encourage NDAs to develop guidelines that facilitate inter-agency coordination and coherence at the national level, as well as to engage in effective and broad stakeholder engagement.
22. Country ownership includes ownership by local communities, civil societies, women's groups, indigenous peoples organizations, municipal-/village-level governments, etc. Meaningful input provided by such stakeholders should be used, as necessary, during the identification of entities to be accredited. This approach aims to ensure that AEs nominated by NDAs have a high potential to bring forward projects and programmes that demonstrate high-country ownership, are consistent with country priorities and accurately reflect their commitments to climate change agreements.
- 2.3 Ensuring balance and diversity
23. Through balance and diversity in the portfolio of AEs, the strategy seeks to achieve an optimal geographic and thematic coverage, but also in terms of environmental and social (E&S) risk categories, and in the use of various instruments, recognizing that further guidance will need to be developed in order to operationalize these principles. This strategy provides for future accreditation to be based on the quality and 'value added' nature of new entrants, allowing some entities to be prioritized in order to fill existing and potential future gaps based on continuous monitoring.
24. The Secretariat will engage countries in dialogues to determine the types and size of AEs that are most needed for accessing GCF resources. The Secretariat will track a variety of indicators on the portfolio of AEs and pipeline of applicants so as to monitor coverage, and will report these to the AC on an annual basis.
- 2.4 Efficiency in terms of cost, time and resources
25. The accreditation process will aim at reaching efficiency in terms of cost, time and resources to the GCF and AE. The Secretariat and AEs are expected to provide accurate information on the financial and non-financial costs of accreditation and the time taken for the process.
26. In addition, the cost of accreditation will include the continuous cost to the AE and the Secretariat of post-accreditation processes and relationship management. For direct access AEs, this will also include support to entities seeking to be upgraded or strengthened or to meet the conditions or recommendations of their accreditation.
27. The number of entities in the portfolio and pipeline has an implication in terms of the GCF budget. It is estimated that one Accredited Entities Specialist will be needed to manage and support the relationship between the GCF and approximately 10 AEs. This ratio may vary in order to tailor relationship management to the level of support needed. Also, more Secretariat staff resources will be needed to support the readiness, and monitoring and accountability functions as the number of AEs grows. In addition, direct access AEs may need substantial capacity-building support once they are accredited to be able to build strong pipelines of projects.
28. Furthermore, while the accreditation process currently reviews applications on a rolling basis in order to ensure fairness and transparency, this approach may have a significant impact on the time taken and therefore the cost to the AE related to accreditation. Henceforth, there may be circumstances in which some entities will be reviewed on a priority basis in order to meet the objectives of the GCF strategy or certain mandates (e.g. call for proposals).
29. As the GCF develops and matures, it is expected that the accreditation process will require only occasional and high-level guidance from the Board.
- 2.5 Fit-for-purpose
30. The fit-for-purpose accreditation approach permits an entity to be accredited based on the nature, scale and risks of the activities it will propose to the GCF. Therefore the entity is assessed through the accreditation process as fit or not to implement GCF standards commensurate with the nature, scale and risks of such activities. The accreditation strategy recognizes that there is a need for the process to accommodate the diversity of entities with respect to type, size, experience, risk and other factors, while ensuring that the standards against which entities are measured are the same for everyone applying for a given level of risk. Fit-for-purpose is a hallmark of the GCF and it recognizes that

there is a need to have a bespoke approach to the accreditation process, while preserving the rigour of the standards and safeguards.

### 2.6 Strong monitoring and accountability framework

31. The efficiency of the accreditation process and the application of principles relies on a strong monitoring and accountability framework, which should inform re-accreditation and de-accreditation decisions and serve as a tool to identify gaps and areas for improvement. Those improvements should be undertaken in consultation with NDAs. In addition, the GCF should provide AEs with a flexible qualitative and quantitative reporting framework in order to set out the nature of the portfolio evolution that AEs are expected to undertake as well as the data that AEs should provide.

### 2.7 Fairness and transparency

32. The GCF will ensure fairness and transparency throughout the accreditation process through a flexible and effective monitoring programme and feedback mechanism. Furthermore, the GCF may consider the role of observers and other stakeholders in the work of the AC. It is essential that the AP continues to be independent from the Board and the Secretariat, and that its deliberations, research and recommendations be free from outside influences and pressures. It is also imperative that the panel continue to be a technical body composed of a well-rounded team of experts with all the relevant skills and expertise to do their job.

## III. Strategic guidance to the accreditation framework

### 3.1 Process recommendations

33. The current accreditation process has proven to be robust and effective. There are, however, areas where additional efficiency could be introduced, while maintaining the integrity of the process. To this end, the Secretariat, in consultation with the AP and AEs, is requested to undertake the following actions:

- (a) Further develop communication on the purpose of accreditation, its value added to the applicant, as well as other ways besides accreditation in which entities could engage with the GCF;
- (b) Review relevant procedures and decisions, in particular decision B.08/06 on the content of applications for accreditation, in order to further streamline the accreditation process without compromising standards and to ensure that the GCF is meeting its goals and objectives during this critical operationalization phase by the sixteenth meeting of the Board;
- (c) Review the fast-track process with a view to expanding eligibility, if necessary, in response to the declining proportion of entities in the accreditation pipeline that are eligible for fast-tracking;
- (d) Develop modalities for the use of third-party evidence, including from regulators, listing agencies, rating companies, corporate social responsibility rating bodies, existing intermediated financing systems, civil society groups and local communities, when conducting the assessment of an entity for accreditation, in particular for the private sector and direct access entities;
- (e) Produce an internal manual consisting of terms related to the accreditation framework; and
- (f) Develop a set of operational guidelines that clearly outline the roles of respective actors in the accreditation process, the steps required for accreditation, and the expectations of each in order to identify, and take advantage of, opportunities for reducing duplication and streamlining at all levels.

34. The AC may consider ways to improve the efficiency and effectiveness of the accreditation process, for example by:

- (a) Ensuring consistency with the decisions from B.13 on the Project Preparation Facility and the Readiness and Preparatory Support Programme; and
- (b) Considering setting a requirement for AEs to submit a funding proposal within a certain time frame following accreditation.

### 3.2 Reporting recommendations

35. In order to monitor and evaluate the alignment of the portfolio of AEs with the GCF mandate, the Secretariat will use the indicators that the Board deems necessary to track: the types of entities applying to the GCF, the climate financing they undertake and the standards they apply.

36. In addition, the data monitored will include: the coverage across sectors, results areas, geography, financial instruments, and access modalities, as well as the costs and personnel time used in each step of the process. This information will be important, among other things, so as to assess requests for upgrades and re-accreditation and to manage strategically the overall size and composition of the pool of AEs. This information will be reviewed by the AC prior to each Board meeting.

37. The AP, with the support of the Secretariat and guided by submissions for the accreditation strategy on this subject, will report at the fifteenth meeting of the Board on progress made towards establishing a baseline for the whole portfolio of AEs in accordance with decision B.12/30. This baseline will allow for an assessment of the extent to which

the overall portfolios of activities of the AEs, beyond those funded by the GCF, have evolved during the accreditation period.<sup>7</sup>

38. The monitoring and evaluation indicators will be used to assist any prioritization of accreditation applications and, where necessary, the setting of periodic time-bound (interim) goals and targets for accreditation. The indicators monitored will be reviewed on an annual basis by the AC and reported to the Board. This approach is considered an open and transparent way by which to provide guidance to the Secretariat and the AP on the categories of entities to prioritize.

39. To close the current coverage gaps identified in section III of this document (stocktaking and lessons learned), the AC recommends that:

- (a) The applications of private sector entities, including those in developing countries, national direct access entities and entities in the Asia-Pacific and Eastern European regions should be prioritized in 2016 and 2017; and
- (b) The GCF should prioritize the application of entities responding to requests for proposals issued by the GCF. At the moment, those include:
  - (i) A pilot phase for enhancing direct access;<sup>8</sup>
  - (ii) A pilot programme to support micro-, small- and medium-sized enterprises;<sup>9</sup> and
  - (iii) A pilot programme to mobilize resources at scale in order to address adaptation and mitigation.<sup>10</sup>

40. The AC further recommends that the AP prioritizes the review of the fulfilment of conditions and requests for upgrades, in particular those for which the AP recommended that entities seek upgrades.

### **DECISION B.13/28 (b): Request for policy document on accreditation framework**

- (b) Requests the Accreditation Committee to present for consideration by the Board at its fourteenth meeting a policy document that addresses the current policy gaps in the accreditation framework, in particular matters related to the types of entities to be accredited to the GCF.

### **DECISION B.12/21: Development of a Strategy on Accreditation**

The Board,

- (a) Takes note of the report of the Accreditation Committee on its progress to develop a strategy on accreditation, as contained in annex II; and
- (b) Decides to defer its consideration of the strategy on accreditation to the thirteenth meeting of the Board.

#### Annex II: Report of the Accreditation Committee on progress on developing a strategy on accreditation

1. The purpose of the strategy is to help guide future Board decisions to ensure that the substance and process of GCF accreditation enable the Fund to achieve its objectives as laid out in the Governing Instrument.
2. The Strategy will be an integral part of the Fund's Strategic Plan and will have inter alia, the following guiding principles: country ownership; potential to contribute to the GCFs mandate of supporting a paradigm shift; balance and diversity; efficiency in terms of cost; time and resources; fairness, effectiveness and transparency.
3. Based on the experience of the first year of operationalizing the accreditation framework, the Accreditation Committee, when preparing the Strategy, will provide guidance on the following questions and engage relevant stakeholders:
  - (a) What are the lessons learnt from the Accreditation Panel and the Secretariat in the initial operationalization of the accreditation framework?

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<sup>7</sup> Decision B.11/10, annex I, paragraph 35, states: "In accordance with decision B.10/06, paragraph (j), to advance the goal of the GCF to promote the paradigm shift towards low-emission and climate-resilient development pathways in the context of sustainable development, the re-accreditation decision by the Board will take into account the Secretariat and Accreditation Panel's assessment of the extent to which the AE's overall portfolio of activities beyond those funded by the GCF has evolved in this direction during the accreditation period".

<sup>8</sup> Decision B.10/04, paragraph (a).

<sup>9</sup> Decision B.10/11, paragraph (a).

<sup>10</sup> Decision B.10/11, paragraph (a).

- (b) How can future accreditation decisions best support the GCF in fulfilling its mandate and in achieving the desired impacts?
- (c) How can the Fund leverage the relationships with AEs (their comparative advantage, ability to mainstream climate considerations across their pipeline, and level of engagement with the GCF as strategic partners) to promote a paradigm shift towards low-emission and climate-resilient development pathways in the context of sustainable development?
- (d) In line with the purpose of decision B.11/10, paragraph 35 on the conditions for re-accreditation, how can the Fund maximize its impact on accredited entities to transform their overall portfolio and adopt the best climate policies?
- (e) How should the Fund approach the question of limits and prioritization regarding the number and nature of organizations that can be accredited, especially taking into account applications from countries with no national entities accredited yet?
- (f) How should the accreditation process address the objectives of the Fund in terms of balance, i.e. what is balanced? What modalities may be needed in order to achieve the desired outcome?
- (g) When taking future accreditation decisions, how should the Fund incorporate geographic and thematic considerations?
- (h) Should the accreditation framework (including the fiduciary standards and environmental and social safeguards) be implemented so as to fit and reflect the diversity of channels, inter alia national systems and the private sector, i.e. how “fit for purpose” can we be? If so, how?
- (i) How should the accreditation strategy be articulated with the other Fund policies, including those related to the use of financial instruments, risk management and the Private Sector Facility?
- (j) In order to fully implement the Accreditation Strategy, what revisions or new elements should be brought to the current accreditation framework and the Fund’s existing policies, including measures related to simplification of the process, staffing and accountability?

**\*DECISION B.11/10: Operationalizing the initial monitoring and accountability framework for accredited entities, adopting the initial policy on fees**

The Board, having reviewed document GCF/B.11/05 titled “Initial monitoring and accountability framework for accredited entities”:

- (a) Recalling paragraph 23(j) of the Governing Instrument for the Green Climate Fund, adopts the monitoring and accountability framework for accredited entities as contained in annex I to this decision;
- (b) Requests the Secretariat to develop the appropriate tools and internal procedures to operationalize the initial monitoring and accountability framework, including standardized templates that take into account the nature of the entities and their capacities;
- (c) Also requests the Secretariat to annually report to the Board on the operationalization of the initial monitoring and accountability framework, including the Secretariat’s staffing requirements and budgetary implications;
- (d) Acknowledges that this framework is a living document and may be amended, as appropriate, based on lessons learned;
- (e) Adopts the interim policy on fees for accredited entities as detailed in annex II to this decision;
- (f) Requests the Accreditation Committee, with the support of the Secretariat, to develop a policy on fees for accredited entities for consideration by the Board by its fourteenth meeting. This policy will take into account the lessons learned from the interim policy on fees and relevant decisions of the Board and will explore options for a performance-based approach and appropriate incentives; and
- (g) Requests the Secretariat to conduct an analysis of the fee structure of comparable funds to establish the appropriateness and applicability of the fee structure to accredited direct access entities

### Annex I: Monitoring and accountability framework for accredited entities

1. The monitoring and accountability framework of the Green Climate Fund (GCF) is designed to ensure the compliance of accredited entities (AEs) with their accreditation standards over time and effective implementation of each of the GCF-funded projects and programmes of the AE.
2. Monitoring and accountability involve a series of actors with specific roles and responsibilities. These include AEs; the Secretariat and the GCF accountability units; national designated authorities (NDAs) or focal points; the direct beneficiaries of the projects and programmes; project-affected people and communities; and other local actors such as local governments, civil society organizations, non-governmental organizations and the private sector. This annex outlines:
  - (a) The components of the monitoring and accountability framework, including reporting requirements for AEs and for individual GCF-funded activities;
  - (b) The risk-based monitoring approach to be implemented by the GCF;
  - (c) The incentives and remedial measures available in cases of non-compliance or poor performance;
  - (d) The process leading to re-accreditation of an AE; and
  - (e) Related online tools for monitoring and reporting by AEs, portfolio management by the Secretariat, communications between NDAs and AEs, and knowledge management for all stakeholders.
3. In terms of institutional responsibilities:
  - (a) The NDA or focal point will play an important role<sup>1</sup> in accordance with the “Initial best practice guidelines for the selection and establishment of national designated authorities and focal points”;<sup>2</sup>
  - (b) The AE is responsible for implementing the project in compliance with the funded activity agreement;
  - (c) The Secretariat will be responsible for implementing the monitoring and accountability framework; and
  - (d) The accountability units of the GCF will play a role according to the mandate in their terms of reference.
4. This document aims to provide a general framework for monitoring and accountability. Detailed operational procedures, guidelines and tools will be developed in order to implement this framework in consultation with relevant stakeholders.

#### **I. Monitoring and accountability framework components**

5. Recalling paragraph 23 (j) of the Governing Instrument for the GCF, the Secretariat will carry out monitoring and evaluation functions. The framework will be built on two components: monitoring of AE compliance with the accreditation standards of the GCF; and monitoring and evaluation of individual funded activities (projects or programmes)..
  - 1.1 Accredited entity compliance
6. The accreditation of an entity to the GCF is valid for a fixed term of five years or less, depending on the terms of accreditation, in accordance with decision B.10/07.
7. During the five-year accreditation term, the GCF will monitor the compliance of the AE with the standards of the GCF and its obligations, as follows:
  - (a) On an annual basis, AEs should provide a self-assessment of their compliance with the GCF fiduciary standards, environmental and social safeguards (ESS) and gender policy. For international entities, the self-assessment should also include a report on the support provided to direct access entities for accreditation or to build their capacity, as requested by the Board (decision B.10/06, paragraph (i)). The Secretariat will develop a standard template for such reports, adequately taking into account the nature of the entities and their capacities;
  - (b) At the midpoint of the accreditation period, the Secretariat will undertake a light-touch mid-term review of the compliance performance of the AE. The Secretariat will develop standard terms of reference for the mid-term reviews; and
  - (c) If needed, the GCF will initiate additional ad hoc compliance reviews.<sup>3</sup>
8. The Secretariat will be responsible for programming mid-term reviews and any ad hoc reviews, in coordination

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<sup>1</sup> Decision B.10/10.

<sup>2</sup> Decision B.08/10, paragraph (c).

<sup>3</sup> If stipulated in the accreditation master agreement; or if the GCF revises its guiding framework for the accreditation process or substantially revises the GCF fiduciary standards, ESS and/or gender policy that are the requirements for accreditation; or if there is evidence of a lack of compliance by the AE with the legal terms agreed with the GCF, its fiduciary standards, its ESS and/or gender policy; or if there is any emerging indication of misuse of the entrusted financial resources

with the AE, and for producing the relevant reports.

9. Once a year, the Secretariat will report to the Board on the consolidated results of the self-assessments, mid-term reviews and ad hoc reviews.
  - 1.2 Funded activity monitoring
  10. AEs are primarily responsible for the monitoring and evaluation of their funded activities, and will report accordingly to the GCF.
  11. During the project/programme implementation period, reporting requirements may include the following to the GCF:
    - (a) Annual performance reports (APRs), including financial management reports. Among other things, the financial management reports will include dates and amounts disbursed for each funded activity and compliance with financial covenants; and
    - (b) An interim evaluation report and a final evaluation report for each funded activity. These project-/programme-level evaluations should also assess the performance of the funded activity against the GCF investment framework criteria, including financial/economic performances as part of the project/programme efficiency and effectiveness criterion.
  12. During the post-implementation period, the submission of APRs might be required. In some cases, it will not be cost-effective to contract the AE to provide post-implementation monitoring. In these cases, the GCF would develop alternative arrangements.
  13. The contents of APRs should include a narrative report (with supporting data as needed) on implementation progress based on the logical framework submitted in the funding proposal and considerations on the ongoing performance of the project/programme against the GCF investment framework criteria, including updates on the indicators and a report on ESS as well as gender. The report should be aligned with the modalities set out in the GCF results management framework<sup>4</sup> and its performance measurement frameworks for adaptation and mitigation<sup>5</sup> as amended and updated from time to time. Reporting requirements on ESS in the APR will be consistent with the GCF environmental and social management system.
  14. On an annual basis, the Secretariat will report to the Board on the performance of the AEs in relation to their GCF-funded activities. This report will be based on the APRs received from AEs and will include information on progress made in implementation, potential risks and lessons learned.
  15. At the project/programme level, the AE should include participatory monitoring, involving communities and local stakeholders, including civil society organizations, at all stages of the project/programme cycle from the beginning. For participatory monitoring of the overall portfolio of GCF-funded projects and programmes in each country, the NDA or focal point is encouraged to organize an annual participatory review for local stakeholders, notably project-affected people and communities, including women and civil society organizations. The participatory review will adhere to the following:
    - (a) The policy of the GCF is to communicate in English. In cases where participatory review requires materials in local languages in order to be effective and meaningful, the NDA, in cooperation with the AE, shall provide such materials in a timely manner in advance of the participatory review; and
    - (b) The readiness programme, in coordination with the NDA, may provide support to such participatory monitoring and reviews.
  16. The Secretariat may decide to undertake additional ad hoc checks to follow up on the reports on compliance and performance submitted by AEs. These ad hoc checks may include site visits and will be arranged in coordination with the NDA/focal point and the AE. The risk-based approach to the selection of ad hoc checks is discussed below.
- ### II. Risk-based monitoring approach
17. As a part of the GCF overall risk management framework, the Secretariat will develop an early warning system based on risk flags and will use all available sources of information; moreover, it may update the flags at any time. These flags will reflect the Secretariat's assessment of the following:
    - (a) Risks related to the project itself (project risk flags); and
    - (b) Risks related to the overall performance of the AE (AE risk flags).
  18. Risk flags will be reported as part of the GCF risk dashboard presented periodically to the Board.
  19. In cases where the Secretariat assigns a project risk flag, the Secretariat should also estimate the value of commitments at risk under the project. This reflects the fact that only some parts/components of the project may be affected by delays or poor/improper execution.

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<sup>4</sup> Decision B.07/04.

<sup>5</sup> Decision B.08/07.

20. In cases where the Secretariat assigns an AE risk flag, the value of commitments at risk would typically include all components for which implementation has already taken place – across all projects in the GCF-funded portfolio of the AE. To avoid double-counting, the Secretariat would only assign an AE risk flag in cases where there are systemic risks over and above the risks already captured by the project risk flags for that AE.

21. The country risk flag is intended to reflect a significant deterioration in the economic and/or political environment in which the AE is operating. For example, in extreme cases of political upheaval, the GCF may need to temporarily suspend operations until the legitimacy of the new authorities is fully confirmed.

22. The GCF monitoring and accountability framework will use a risk-based approach to decide on the ad hoc checks, with the Secretariat taking into account risk flags as well as other information that may be presented to the GCF in determining where to conduct the preponderance of ad hoc checks. In addition, the Secretariat will conduct a small number of ad hoc checks each year on a random basis.

23. An annual review will be conducted by the Secretariat on a given proportion by number of projects and programmes.<sup>6</sup> The annual review will consist of an analysis of the information available from the overall risk management system of the GCF.

24. The selection of projects and programmes in the annual review will be risk-based and will include the following criteria:

- (a) Projects/programmes of AEs that have an outstanding accreditation condition;
- (b) Projects/programmes that have a risk flag assigned by the monitoring and accountability process;
- (c) Projects/programmes classified in the high environmental and social risk category A/intermediation 1; and
- (d) Any projects under special oversight.

### III. Incentives and remedial measures

25. In cases where the Secretariat identifies AE compliance or performance issues, the Secretariat will inform the AE that a risk flag has been assigned and will invite the AE to discuss and agree on the following:

- (a) An action programme of immediate remedial measures to resolve these issues, including deadlines for the completion of each step in the action programme by the end of a 'cure period'; and
- (b) If needed, capacity-building support in order for the AE to avoid the recurrence of similar issues over the medium term (with possible support, in coordination with the NDA, from the Readiness and Preparatory Support Programme for direct access entities).<sup>7</sup>

26. At the same time, the Secretariat will inform the AE of the additional measures that may be taken if the issues remain unresolved at the end of the cure period. The timing and nature of these additional measures might depend on the nature of the impacts and risks and to some extent on the possible impacts on the reputation of the GCF.

27. The main options for remedial measures may include the partial or total suspension of disbursements or commitments at project level, reclaiming of funds already disbursed to the AE, as appropriate, or, if relevant, at the AE level.

28. In cases where it is decided that the accreditation of the AE will be suspended, cancelled or downgraded, the GCF will negotiate an orderly process for the winding down and closure of GCF-funded projects.

29. In some cases, the GCF may wish to preserve business continuity on existing GCF-financed projects with an AE whose accreditation has been changed. The accreditation master agreement (AMA) and the funded activity agreement (FAA) will include provisions giving the GCF step-in rights in these cases.

30. The Secretariat will be responsible for issuing and closing-out risk flags. All decisions on suspension, cancellation and/or changing of the accreditation status of an AE will be subject to Board approval. This information will be included in the annual report by the Secretariat to the Board.

### IV. Re-accreditation

31. The risk-based approach will also apply to the re-accreditation of AEs at the end of their five-year accreditation period. In the six months prior to the end of the accreditation period, the AE may submit an application either for re-accreditation in the same categories as before, or for accreditation in higher categories (i.e. upgrade).

32. For each re-accreditation application, the Secretariat and the Accreditation Panel will review reports relating to the performance of the AE over the previous five years, including reports on the GCF-funded activities of the AE.

33. The review will pay particular attention to all risk flags incurred by the projects, AE or country over the previous five years and, based on the information provided, make a recommendation to the Board if the AE wishes to extend its accreditation in the same categories as before.

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<sup>6</sup> Decision B.10/07, paragraph (d) (iii).

<sup>7</sup> Readiness support will be available for the prevention of future problems but not for the resolution of immediate issues.

34. In some cases, the Accreditation Panel may recommend to the Board that the accreditation be changed to a lower accreditation category (i.e. downgrade).

35. In accordance with decision B.10/06, paragraph (j), to advance the goal of the GCF to promote the paradigm shift towards low-emission and climate-resilient development pathways in the context of sustainable development, the re-accreditation decision by the Board will take into account the Secretariat and Accreditation Panel's assessment of the extent to which the AE's overall portfolio of activities beyond those funded by the GCF has evolved in this direction during the accreditation period.

### V. Tools

36. The GCF will probably be receiving large volumes of information from project-level and AE-level reporting; it is therefore important that appropriate business intelligence tools that automatize and efficiently manage information are developed. An integrated online platform should be developed to include the following functions:

- (a) A portfolio management system to allow the Secretariat to capture all documents in the cycle from accreditation of an AE right through to the most recent project reports and interim/final evaluations, including a real-time database of risk flags, searchable by AE and by project/programme. This system will integrate the monitoring and reporting toolkits that allow the AEs to report online time-based reports (such as the APRs and project/programme indicators as reported in the funding proposal) and any event-based report;
- (b) An interactive portal, in compliance with the current GCF information disclosure policy, designed to facilitate:
  - (i) Communications between NDAs, AEs, project-affected people and communities in a structured manner in relevant languages; and
  - (ii) Organization of NDA annual participatory reviews and the dissemination of their findings; and
- (c) A knowledge management platform designed to organize, validate and publish all documents that are disclosable under the current GCF information disclosure policy to all stakeholders and the public at large.

37. Where local stakeholders do not have access to online information, these should be complemented by in-country consultation and information dissemination, as appropriate.

### Annex II: Interim policy on fees for accredited entities

1. The table below shows the proposed interim fees structure for accredited entities of the Green Climate Fund (GCF). The percentages shown in the table below represent the maximum fees for the size categories.

Table 1. Schedule of cap on fees applicable to public sector projects/programmes

Size*	Fee cap % of GCF funding (on grant)
Micro (<USD 10 million)	10%
Small (USD 10–50 million)	9%
Medium (USD 50–250 million)	8%
Large (>USD 250 million)	7%

\* Annex I to decision B.08/02.

2. The present value of the fees paid over the life of a loan (disbursement and repayment periods) will be equivalent to the total amount of fees paid for a similar grant-funded project.

3. The fees cap on readiness grants will be 10 per cent.

4. The following services will be covered by the GCF fees:

- (a) Project or programme implementation and supervision;
- (b) Project or programme completion and evaluations; and
- (c) Reporting.

5. The GCF amount approved for a project/programme will not include fees to be paid to the accredited entity.

6. The fees paid to an accredited entity will not duplicate other forms of support provided to the entity, such as technical assistance.

7. Under decision B.09/04, the Board decided that "the financial terms and conditions for non-grant instruments to the public sector, other than concessional loans, will be established on a case-by-case basis. It also decided that all non-grant instruments extended to the private sector shall be determined on a case-by-case basis, taking into consideration Annex III to decision B.05/07 and section III in Annex XIV to decision B.07/06.

8. In line with this, the fees for the private sector and fees for non-grant instruments other than concessional loans to the public sector should be decided on a case-by-case basis.

9. Timing of fees disbursement:
  - (a) Fees on grants will be proportionally disbursed along with each grant instalment; and
  - (b) Fees on loans will be paid semi-annually in advance.

**\*DECISION B.10/07: Monitoring and Accountability Framework for Accredited Entities; Duration of Accreditation, and Reaccreditation of Entities**

The Board, having reviewed document GCF/B.10/Inf.11 Initial Monitoring and Accountability Framework for Accredited Entities (Progress Report):

- (a) Notes the need for ongoing monitoring of compliance with the Green Climate Fund's (the Fund) fiduciary standards, environmental and social safeguards, and gender policy;
- (b) Decides that the accreditation of an entity to the Fund is valid for a fixed term of five years or less, depending on the terms of accreditation;
- (c) Also decides that the Board will decide whether an entity is to be re-accredited, based on the assessment conducted by the Secretariat and the Accreditation Panel;
- (d) Further decides that the initial monitoring and accountability framework will focus on compliance with the Fund's environmental and social safeguards, fiduciary standards, and gender policy, and will comprise at least four compliance checks of the accredited entities and activities financed by the Fund as follows:
  - (i) Annual self-reporting to the Secretariat by the accredited entity and at any time when an important change in the capacity or any other material aspect of the accredited entity with regard to the Fund's fiduciary standards, environmental and social safeguards, and gender policy occurs;
  - (ii) Ad hoc checks by the Secretariat at the level of the accredited entity and/or at the level of the project/programme, when any significant concern of potential non-compliance arises;
  - (iii) Annual review on a given proportion by number of projects, of the Fund's portfolio of projects and programmes, where projects and programmes to be reviewed are selected inter alia with consideration of the risk category of the project/programme; and
  - (iv) A light-touch review of the accredited entity halfway through its five-year accreditation period;
- (e) Requests the Secretariat to further develop the initial monitoring and accountability framework for consideration by the Board at its eleventh meeting, in particular providing more detail on:
  - (i) Corrective actions and remedies that can be implemented in cases of non-compliance;
  - (ii) The implementation of the compliance checks listed in paragraph (d) above and any additional compliance checks that may be identified;
  - (iii) An early warning system to support ad hoc checks and the annual review of a portion of the Fund's portfolio;
  - (iv) Local monitoring (including feedback from a range of stakeholders, including women);
  - (v) How to process the potential reaccreditation of accredited entities at the end of their five-year accreditation period;
  - (vi) How the initial monitoring and accountability framework will relate to and work with the Fund's accountability units;

- (vii) Ensuring there are sufficient resources available to the Secretariat to implement the framework;
  - (viii) How the framework will use a risk-based approach, including by leveraging other monitoring processes, to use its resources efficiently;
  - (ix) Reporting on the findings of activities under the monitoring and accountability framework; and
  - (x) How the national designated authority or focal point can be included in the initial monitoring and accountability framework; and
- (f) Also requests the Secretariat, when further developing the initial monitoring and accountability framework, to do so in consultation with the Accreditation Committee and entities accredited by the Fund, and by engaging a wide group of stakeholders, including women through a call for public input.

### **\*DECISION B.09/08: Legal and Formal Arrangements with Accredited Entities**

The Board, having considered document GCF/B.09/03 Legal and Formal Arrangements with Accredited Entities:

- (a) Endorses that the Fund shall enter into agreements or other arrangements with entities upon their accreditation by the Board taking into account the considerations set out in Annex XI;
- (b) Authorizes, to the extent necessary, the Executive Director – or his/her designee – on behalf of the Fund to negotiate and agree on the terms and conditions of such agreements with accredited entities reflecting the scope of the accreditation, and to enter into such agreements.
- (c) Requests the Secretariat to inform the Board regularly on progress made in the implementation of this decision;
- (d) Also requests the Secretariat to include in the proposal on the monitoring and accountability framework to be prepared for consideration by the Board at its tenth meeting a proposal on the potential fixed term of the accreditation decisions.

#### Annex XI: Considerations for legal and formal arrangements with accredited entities

##### **I. Form of agreement**

1. The legal and formal arrangements with accredited entities is first and foremost a reflection of the successful accreditation by the Board and completion of the accreditation review process. This process is based on the fit-for-purpose accreditation approach, approved by the Board in decision B.08/02. The fit-for-purpose approach recognizes the role of a wide range of entities, which differ in the scope and nature of their activities, as well as their capacities. For this reason, the Fund cannot develop a “one size fits all” legal and formal arrangement. A distinction will have to be made between various types of entities and their type of accreditation.

2. Depending on the type of Accredited Entity, the relationship between the Fund and such an entity would take the form of either a legal agreement (contract governed by private law) or a legal arrangement (arrangement governed by international public law). A contract is typically entered into with a private-sector entity or state-owned enterprise, or takes the form of a legal arrangement with another international organization (e.g. United Nations organization, multilateral development banks or international financial institutions). In this document, the term agreement or contract will be used and includes for the purpose of this document any other form of legal arrangement.

3. The Fund intends to standardize the legal documents where possible and develop general conditions applicable to all grants and loans. It will take precedents of other climate funds into account, bearing in mind the different paradigm shift, nature of the Fund, as well as lessons learned by implementing entities and those other climate funds. It is also proposed that the legal documents be developed in consultation with the accredited entities, so that their concerns can be addressed at an early stage and the Fund can benefit from their experience of working with other funds.

4. In view of the fit-for-purpose accreditation, the Fund intends to develop a number of standardized templates over time in order to reflect, among other matters, the type of accreditation and the nature of the Accredited Entity’s activities.

### II. Structure of agreement

5. Upon accreditation, it is proposed that the Fund shall enter into an accreditation master agreement (AMA) with the Accredited Entity, which shall set out the general terms and conditions of the services to be rendered by the entity for the Fund under its accreditation.

6. Upon the Board's approval of a specific project or programme activity, it is then proposed that the Fund and the Accredited Entity shall enter into a concise project confirmation, a form of which shall be attached to the AMA, which sets out the specifics of the approved project or programme activity.

### III. Contents of accreditation master agreement

7. The AMA containing general terms and conditions may include, but shall not be limited to, the following provisions, depending also on the scope of accreditation and the fit-for-purpose approach

- (a) Definitions;
- (b) Term of contract;
- (c) Conditions precedent;
- (d) Project/programme pipeline preparation;
- (e) Use of accredited entities' standard forms of loan, grant and other agreements;
- (f) Procedures for stakeholders' input;
- (g) Involvement of national designated authority (NDA)/focal point; condition for approving project and disbursing funds will be NDA/focal point no-objection;
- (h) Project cycle, including internal approval processes;
- (i) Procedure for project confirmations;
- (j) Adherence to guidelines from the Fund, including the fiduciary standards and the environmental and social safeguards. This is part of the accreditation process and needs to be confirmed in the AMA. Any conditions, requirements or recommendations from the Accreditation Panel and adopted by the Board would need to be reflected;
- (k) Applicability of policies decided by the Board relevant to the operations of the Fund, including the role of accredited entities, reporting and evaluation;
- (l) Disbursement of funds and fees, including reflow of funds provided but not disbursed;
- (m) Fiduciary standards, such as applicable "know your client", anti-money laundering, countering financing of terrorism, anti-corruption, and other fraudulent practices and sanction regulations, including the right to instruct the Accredited Entity to seek restitution of misused funds under certain circumstances for breach of fiduciary standards;
- (n) Conflicts of interest;
- (o) Administration, record keeping and reporting requirements, including of project/programme indicators required for the Fund's results management framework;
- (p) Periodic reviews/spot checks by the Secretariat, the Evaluation Unit and the Integrity Unit, including access to documents, data, premises and project locations, subject to applicable privileges and immunities;
- (q) Cooperation between the Integrity Unit and the integrity unit of the Accredited Entity;
- (r) The right of the Fund to revise, suspend or revoke accreditation or amend the applicable terms and conditions on the basis of the outcome of the periodic or ad hoc review;<sup>1</sup>
- (s) Events of default;
- (t) Remedies in the event of default, including suspension of payments, termination of contract, liability for costs and damages and repayment of funds;
- (u) Evaluation after termination/implementation of a project or programme activity;
- (v) Gender issues, reflecting the relevant Board decision;
- (w) Branding;
- (x) Ownership of equipment, industrial property rights;

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<sup>1</sup> The Board is to develop a Monitoring and Accountability Framework for accredited entities (Decision B.08/02 (e)) in the course of 2015, the outcome of which will be part of the AMA. Reference thereto should already be made in the AMA at this stage.

- (y) Notices/communication;
- (z) Confidentiality/(Interim) disclosure policy, AMA and each project confirmation to be made publically available, omitting any information that is deemed sensitive by the Accredited Entity;
- (aa) Cooperation with the Redress Mechanism;
- (bb) Mutual, if applicable, privileges and immunities;
- (cc) Applicable law: for AMAs with private-sector entities and state-owned enterprises, a specific law is to be applied. For arrangements with international organizations, international public law is the preferred law. In both cases the laws of the relevant host country are to be respected;
- (dd) Dispute resolution; and
- (ee) As an annex, the form of project confirmation.

#### IV. Contents of project confirmation

8. The project confirmation will set out specifics for a specific project or programme activity and will be executed upon Board approval of the specific project or programme activity. The project confirmation will be produced based on, and at the time of, Board approval.

#### **\*DECISION B.BM-2017/03: Performance review of the members of the Accreditation Panel**

The Board, having considered document GCF/B.BM-2017/03 titled “Performance review of the members of the Accreditation Panel”:

- (a) Decides that, prior to the expiry of each of their terms of membership of the Accreditation Panel, each member of the Accreditation Panel shall undergo a performance review and that any such member shall only be eligible for a subsequent term of membership of the Accreditation Panel if the Board considers that the outcome of the relevant performance review is satisfactory;
- (b) Reaffirms the terms of reference, including the job description and qualifications, for the Accreditation Panel adopted in annex V to decision B.07/02, which will guide the performance review of each member of the Accreditation Panel;
- (c) Adopts the guiding principles and methodology for the performance review of members of the Accreditation Panel of the Green Climate Fund for the performance review set out in Annex II to this document;
- (d) Endorses the terms of reference for the performance review of the members of the Accreditation Panel, as contained in Annex III to this document;
- (e) Decides that the performance review of the members of the Accreditation Panel shall be undertaken by an independent consultant or firm, with the aim of presenting the outcome of such performance review to the Board for its consideration at its seventeenth meeting;
- (f) Requests the Secretariat to promptly procure the independent consultant or firm referred to in paragraph (e); and
- (g) Decides, on an exceptional basis, without setting a precedent and for practical and pragmatic reasons only, that:
  - (i) the next term of all members of the Accreditation Panel shall expire on 17 October 2020; and
  - (ii) subject to the outcome of the performance review, no more than three of the current members of the Accreditation Panel may be reappointed to the Accreditation Panel for a second term.

(Note: Annexes II and III mentioned in decision B.BM-2017/03 can be found at the following link:

[https://www.greenclimate.fund/documents/20182/620292/B.BM-2017\\_03\\_-\\_Decision\\_of\\_the\\_Board\\_on\\_Performance\\_review\\_of\\_the\\_members\\_of\\_the\\_Accreditation\\_Panel.pdf/5ee5885a-5f81-496b-b6b2-a64bb97ea1bf](https://www.greenclimate.fund/documents/20182/620292/B.BM-2017_03_-_Decision_of_the_Board_on_Performance_review_of_the_members_of_the_Accreditation_Panel.pdf/5ee5885a-5f81-496b-b6b2-a64bb97ea1bf)

**DECISION B.13/07: Nomination of Expert to the Accreditation Panel**

The Board, having considered document GCF/B.13/Inf.03/Add.02 titled “Report from committees, panels and groups of the Board of the Green Climate Fund”:

- (a) Endorses the nomination by the Accreditation Committee of the following expert to the Accreditation Panel for one term of three years in accordance with the terms of reference in decision B.07/02, paragraph (h):
  - (i) Mr. Godfrey Tumusiime.

**DECISION B.BM-2015/01: Endorsement of the sixth expert to the Accreditation Panel**

The Board, in accordance with decision B.08/20 and through a decision taken between meetings on a no-objection basis: Endorses the nomination by the Accreditation Committee of the following expert to the Accreditation Panel for one term: Mr. Max Contag (Ecuador).

**DECISION B.08/20: Endorsement of nominations to the Accreditation Panel**

The Board:

- (a) Endorses the nomination by the Accreditation Committee of the following experts to the Accreditation Panel for one term:
  - (i) Mr. Peter Carter (United Kingdom of Great Britain and Northern Ireland);
  - (ii) Mr. Wolfgang Diernhofer (Austria);
  - (iii) Ms. Penelope Herbst (South Africa/United Kingdom of Great Britain and Northern Ireland);
  - (iv) Ms. Isna Marifa (Indonesia); and
  - (v) Ms. Anastasia Northland (Russian Federation/United States of America).
- (b) Decides that, in view of the withdrawal of one nominated member, the sixth expert to the Accreditation Panel will be nominated by the Accreditation Committee after the eighth Board meeting and the decision for endorsement by the Board will be taken between meetings;
- (c) Further decides that consideration of the sixth expert to the Accreditation Panel will take into account fiduciary expertise and representation from developing countries;
- (d) Emphasizes, for future additions and appointments, the importance of balance between developing and developed countries, gender and language diversity; and
- (e) Recommends strengthening these elements of balance in future recruitments and in the subsequent term of the Accreditation Panel, with the aim of reaching a 50%-50% balance between developing and developed countries, and ensuring that no two members will be from the same country.

**\*DECISION B.08/04: Approval of policy on fees for Accreditation of the Fund**

The Board, having reviewed document GCF/B.08/04 Policy on Fees for Accreditation of the Fund

- (a) Approves the policy on fees for accreditation of the Green Climate Fund set out in Annex VI; and
- (b) Requests the Secretariat to initiate, no later than three years from the date of approval of the policy, a review, based on lessons learned, of the policy on fees for accreditation of the Fund.

### Annex VI: Policy on fees for accreditation of the Fund

#### **I. Purpose**

1. The purpose of the policy on fees for accreditation is to define the payments to be made by entities seeking accreditation to the Fund. The policy takes into account the financial capacities of institutions and aims at contributing to covering the costs from the accreditation process, recognising that the actual costs of the accreditation process is expected to be higher than the amount recovered through fees.
2. The fee policies of other institutions that have a similar accreditation process, including the Adaptation Fund and the GEF, were considered in the development of this policy on fees.

#### **II. Tailoring of fees on the basis of financial capacities**

3. The policy on fees for accreditation to the Fund taking into account the financial capacities of institutions is based on the total projected costs at the time of application for an individual project or activity to be undertaken, for which one or more thresholds are defined.
4. Financial capacity is understood as the scale of intended funding proposals for individual projects or activities to be submitted to the Fund by the applicant in the event of accreditation.
5. Following on from this understanding, four thresholds are hereby established in relation to the financial capacities of institutions:
  - (a) Micro;
  - (b) Small;
  - (c) Medium; and
  - (d) Large.
6. The micro threshold refers to applications for a maximum total projected costs at the time of application, irrespective of the portion that is funded by the Fund, of up to and including a threshold of US\$ 10 million for an individual project or activity. The fee level for this threshold will be US\$ 1,000 for the basic fiduciary standards and US\$ 500 for each specialized fiduciary standard.<sup>1</sup>
7. The small threshold refers to applications for a total projected costs at the time of application, irrespective of the portion that is funded by the Fund, of above US\$ 10 million and up to and including US\$ 50 million for an individual project. The fee level for this threshold will be US\$ 5,000 for the basic fiduciary standards and US\$ 1,000 for each specialized fiduciary standard.
8. The medium threshold refers to applications for a total projected costs at the time of application, irrespective of the portion that is funded by the Fund, of above US\$ 50 million and up to and including US\$ 250 million for an individual project or activity. The fee level for this threshold will be US\$ 10,000 for basic fiduciary standards and US\$ 3,000 for each specialized fiduciary standard.
9. The large threshold refers to applications for a total projected costs at the time of application, irrespective of the portion that is funded by the Fund, of above US\$ 250 million for an individual project or activity. The fee level for this threshold will be US\$ 25,000 for basic fiduciary standards and US\$ 7,000 for each specialized fiduciary standard.
10. In cases where the Accreditation Panel needs to review the application more than twice, due to lack of completeness in the information or clarity in the documentation provided, additional fees will be determined on a case-by-case approach by the Secretariat.
11. The basic fee (for basic fiduciary standards and ESS), the additional fee(s) (for each specialized fiduciary standard), and other fee (for applications requiring more than two reviews by the Secretariat or Accreditation Panel) are non-refundable, even if an applicant fails to receive accreditation.
12. Subnational and national entities in developing countries, including small island developing states (SIDS) and least developed countries (LDCs), that apply for accreditation for the micro-sized funding activities will have their accreditation fees waived for the basic fiduciary standards.
13. Entities from SIDS and LDCs that apply for accreditation for the small-sized funding activities will have their accreditation fees waived for the basic fiduciary standards.
14. Subnational and national entities of developing countries other than SIDS and LDCs that apply for accreditation for the small-sized funding activities will have a fee level of US\$ 3,000 for the basic fiduciary standards.
15. A summary of the fee structure is provided in the following table:

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<sup>1</sup> Specialized Fiduciary Standards refer to: 1) project management, 2) grant award and/or allocation mechanisms, and 3) on-lending and/or blending.

**Table 1: Structure of fees for accreditation of the Fund**

Financial capacity category	Threshold	Fee Level for accreditation application for undertaking activities related to Basic Fiduciary Standards and ESS	Fee Level for accreditation application for undertaking activities related to each Specialized Fiduciary Standard <sup>a</sup>	Other Fees
Micro	Total projected costs at the time of application, irrespective of the portion that is funded by the Fund, less than or equal to US\$ 10 million for an individual project or activity	Subnational and national entities in developing countries including SIDS and LDCs: no fee All other entities: US\$ 1,000	US\$ 500 each	Other fees may apply if the application is reviewed by the Secretariat or Accreditation Panel more than twice. The amount of the fee is to be determined on a case-by-case approach by the Secretariat.
Small	Total projected costs at the time of application, irrespective of the portion that is funded by the Fund, above US\$ 10 million and up to and including US\$ 50 million for an individual project or activity	SIDS and LDCs: no fee Subnational and national entities in developing countries other than SIDS and LDCs: US\$ 3,000 All other entities: US\$ 5,000	US\$ 1,000 each	
Medium	Total projected costs at the time of application, irrespective of the portion that is funded by the Fund, above US\$ 50 million and up to and including US\$ 250 million for an individual project or activity	US\$ 10,000	US\$ 3,000 each	
Large	Total projected costs at the time of application, irrespective of the portion that is funded by the Fund, above US\$ 250 million for an individual project or activity	US\$ 25,000	US\$ 7,000 each	

<sup>a</sup> Specialized Fiduciary Standards refer to: 1) project management; 2) grant award and/or allocation mechanisms; and 3) on-lending and/or blending.

**III. Currency**

- 16. Payments will be made in any convertible currencies approved by the Board.
- 17. For the purposes of assessment of financial capacities and consistency and comparability across applicants, financial information submitted by applicants will be required to be submitted using officially recognized exchange rates.

**IV. Timing of payment**

- 18. Payment of the fee for accreditation of the Fund will be made at the time of submission of the application (Stage I of the Accreditation Process).
- 19. Additional payments to cover excess costs to be incurred by the Accreditation Panel in reviewing the application more than twice, due to lack of complete information or clarity in the documentation provided by the applicant, will be done as instructed by the Secretariat to the applicant.

**V. Upgrading or downgrading accreditation**

20. An entity accredited for certain fiduciary standards may apply for an upgrade or downgrade in its accreditation status (e.g. an entity accredited under the Fund’s basic fiduciary and ESS standards for small-scale projects or activities may choose to upgrade to the basic fiduciary and ESS standards for medium-scale projects or activities, or an entity may choose to downgrade its accreditation from medium-scale project activities to small). The following fee structure applies to upgrading or downgrading accreditation for already-accredited entities.

- (a) For the basic fiduciary standards and ESS, the basic fee to be paid by the entity for applying to upgrade its activity size (e.g. micro, small, medium or large) equals the difference between the basic fee set for the activity size the entity is applying to upgrade to and the basic fee level the entity paid for its existing accreditation;
- (b) For the specialized fiduciary standards, the additional fee to be paid by the entity for applying to upgrade its

activity size equals the additional fee set for the activity size that the entity is applying to upgrade to;

- (c) For the basic fiduciary standards and ESS, or the specialized fiduciary standards, there is no refund of the basic fee or additional fee, either in part or whole, paid by the entity requesting to downgrade its accreditation.

### **DECISION B.08/02: Approval of the guidelines for the fit-for-purpose accreditation approach**

The Board, having considered document GCF/B.08/02 Guidelines for the Operationalization of the Fit-for-purpose Accreditation Approach and recalling decision B.07/02, paragraph (r):

- (a) Recalls that all entities, including international, regional, national and subnational entities<sup>2</sup>, can apply for accreditation to the Green Climate Fund;
- (b) Stresses the fundamental importance for the accreditation process to contribute to building the capacities of entities in developing countries;
- (c) Approves the guidelines for the operationalization of the fit-for-purpose accreditation approach set out in Annex I;
- (d) Requests the Secretariat to finalize the relevant accreditation application documents and open a call for submissions of accreditation applications from implementing entities and intermediaries within four weeks after the eighth meeting of the Board, and use best efforts to have applications ready for consideration and possible decision on accreditation by the Board at its ninth meeting;
- (e) Requests the Secretariat to develop a monitoring and accountability framework, which will include policies on the suspension and cancellation of accreditation to complement the operational guidelines approved in Annex I to document GCF/B.07/11 and the Fund's other relevant accountability mechanisms, for consideration by the Board at its ninth meeting; and
- (f) Requests the Secretariat to prepare a document on additional guidelines of the Fund with regard to non-multilateral international entities, in particular on their role with respect to the Fund's objectives and modalities, and following a country-driven approach, for consideration by the Board at its ninth meeting.

#### Annex I: Guidelines for the operationalization of the fit-for-purpose accreditation approach

##### **I. Objectives and scope of the fit-for-purpose accreditation approach**

1. The initial guiding framework for the Fund's accreditation process adopted through decision B.07/02 establishes an accreditation process which will ascertain whether applicant entities:

- (a) Meet the Fund's basic fiduciary standards and applicable specialized fiduciary standards; and
- (b) Have the capacity to manage relevant environmental and social risks in line with the Fund's ESS and scaled, risk-based approach.

2. The fit-for-purpose approach recognizes the role of a wide range of entities, which differ in the scope and nature of their activities, as well as their capacities. By enabling entities, including subnational, national and regional entities, to increase their scope of activities as their capacity increases over time, should they want to do so, the accreditation process will contribute to empower developing countries.

3. The guidelines for the operationalization of the fit-for-purpose accreditation approach set out how the Fund's fiduciary standards and ESS will be assessed through a fit-for-purpose accreditation process, and the criteria that entities need to meet in order to demonstrate compliance so as to be accredited to access the Fund's resources.

4. The objectives of the fit-for-purpose accreditation approach, which matches the nature, scale and risks of proposed activities to the application of the fiduciary standards and ESS, are as follows:

- (a) To help the Fund achieve an impact by enabling it to work through a wide range of entities at the subnational, national, regional and international levels; including through private sector entities;
- (b) To recognize the different institutional contexts of different types of entities (e.g. public and private), and

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<sup>1</sup>Governing Instrument

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different compliance parameters in accordance with the intended scale, nature and risks of activities of the applicant entity with the Fund's resources; and

- (c) To avoid creating an unnecessarily long and burdensome accreditation process for entities that will expose the Fund to few or no financial, environmental and social risks.

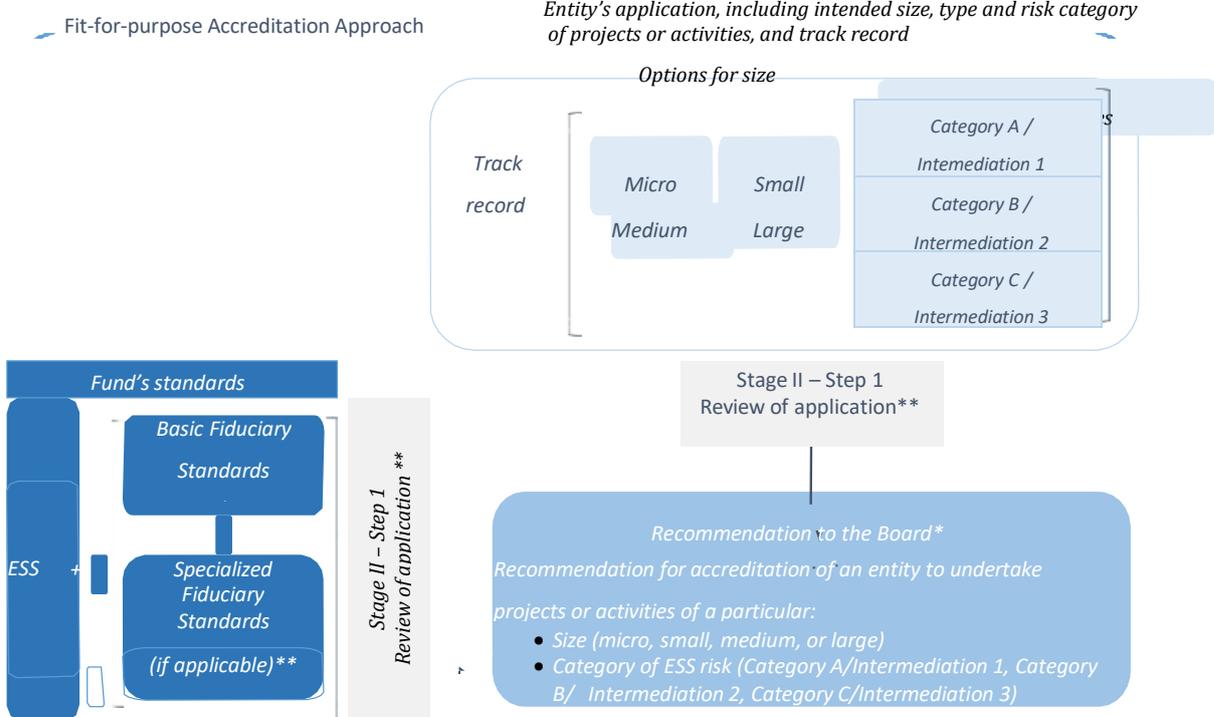
5. The accreditation process will take into account the scale of funding that the entity intends to access, its track record in undertaking climate-related projects and activities, as well as the nature of its intended activities. This approach will ensure that the assessment of the applicant entity's conformity with the fiduciary standards, and relevant capacities related to the Fund's ESS, in the accreditation process is commensurate with the level of fiduciary and non-financial (e.g. environmental and social) risk to which the Fund will be exposed through the activities of implementing entities and intermediaries.

6. The assessment for accreditation taking into account the fit-for-purpose approach is conducted using the application for accreditation and supporting information, including the track record information, provided by the applicant during the application process.

7. It is expected that the accreditation process will generally be completed within six months after submission of all the required documentation. The Fund will work on continuously improving its efficiency in order to reduce this timeframe.

8. After the accreditation of an entity, the entity's track record of experiences in achieving the results of the Fund's results management framework may be taken into account when reviewing the entity's accreditation status.

9. The operationalization of the fit-for-purpose accreditation approach is shown in the following figure:



\* Specialized fiduciary standards may refer to one, some or all of the specialized fiduciary standards.

\*\* Conducted by the Accreditation Panel with support from external technical experts on a need-basis.

**Figure 1: Fit-for-purpose Accreditation Approach**

### II. Assessing conformity with the Fund's fiduciary standards

10. The assessment of an applicant entity's conformity with the Fund's fiduciary standards will consider the nature of the fiduciary risk, the scale of intended activities, and the type of entity.

11. **Nature of the fiduciary risk:** The Fund's fiduciary standards, which are set out in Annex II to document GCF/B.07/11, already distinguish between the different types of fiduciary risks that are implied depending on the nature of the activities that an entity may take on, including the type of financial instruments. The basic fiduciary standards will apply to all implementing entities and intermediaries, while the specialized fiduciary standards will apply only to entities that will be undertaking relevant activities, as follows:

- (a) Project management: In the case of an entity that will be implementing projects, the assessment will look at the project management capacities of the applicant entity. In the case of an entity that will be intermediating funding through a grant award, on-lending or blending mechanism, the assessment will look at the capacity of the applicant entity to exercise appropriate oversight and hold to account, across the defined fiduciary requirements in this category, the entities that will access the funding that it intermediates.

- (b) Grant award and/or funding allocation: This set of criteria will apply to any entity that will intermediate funding in the form of grants through a grant award or funding allocation mechanism.
- (c) On-lending and/or blending: This set of criteria will apply to any financial or other entity that will intermediate funding in the form of loans through on-lending or blending with resources from other sources.
12. **Scale of intended activities:** Irrespective of the scale of activities to be funded with the Fund's resources, all entities will have to meet the Fund's basic fiduciary standards and any applicable specialized fiduciary standards in order to be accredited. An entity can only access funding at a scale that is within its capacity to manage in accordance with the Fund's fiduciary standards. The Accreditation Panel will use its expert judgement to determine whether the capacity demonstrated by the applicant entity for each applicable fiduciary standard is adequate in light of the scale of funding it will access from the Fund. The Accreditation Panel may recommend to the Board that an entity be accredited to access funding within one of the following categories, commensurate with its track record and demonstrated capacity:
- (a) Micro (maximum total projected costs at the time of application, irrespective of the portion that is funded by the Fund, of up to and including US\$ 10 million for an individual project or an activity within a programme);
- (b) Small (maximum total projected costs at the time of application, irrespective of the portion that is funded by the Fund, of above US\$ 10 million and up to and including US\$ 50 million for an individual project or an activity within a programme);
- (c) Medium (maximum total projected costs at the time of application, irrespective of the portion that is funded by the Fund, of above US\$ 50 million and up to and including US\$ 250 million for an individual project or an activity within a programme); and
- (d) Large (total projected costs at the time of application, irrespective of the portion that is funded by the Fund, of above US\$ 250 million for an individual project or an activity within a programme).
13. **Type of entity:** As set out in the Governing Instrument, implementing entities and intermediaries of the Fund may be international, regional, national or subnational, and public or private. While all types of entities are required to meet the Fund's basic fiduciary standards and any applicable specialized fiduciary standards, the documentation needed to demonstrate compliance is tailored to different types of entities.

### III. Assessing capacities for conformity with the Fund's ESS

14. The Fund's ESS, which are set out in Annexes I and III to document GCF/B.07/11, describe the eight Performance Standards that will be applied through a modular and scaled, risk-based approach to all Green Climate Fund-funded activities. The environmental and social management system (e.g. Performance Standard 1: Assessment and Management of Environmental and Social Risks and Impacts), capacity and commitment of an implementing entity or intermediary to manage the execution of the Fund's ESS at the institutional level will be assessed during the accreditation process, whereas the initial proposal approval process<sup>1</sup> will verify that the specific project or activity is consistent with the ESS (e.g. Performance Standards 2–8).

15. The accreditation process will determine if the applicant entity possesses the institutional capacity and a management system for screening funding proposals in order to identify the potential environmental and social risks and/or impacts, and the capacity to implement the ESS in a manner commensurate with the scale and nature of the potential risks and impacts.

16. **Categories of environmental and social risk:** The Accreditation Panel will examine the track record and demonstrated capacity of an applicant entity to manage projects or activities of different risk categories. The Accreditation Panel may recommend to the Board that an entity be accredited with a restriction on the risk category of activities it can carry out, using the risk categories set out in Annex I to document GCF/B.07/11, commensurate with the track record and demonstrated capacity of the applicant entity.

17. Following the application review, the Accreditation Panel will recommend to the Board whether an entity should be accredited, and assign a risk categorization to the entity. Once an entity is accredited, it can submit funding proposals for projects or activities through the initial proposal approval process up to the risk level assigned when the entity was accredited. The risk category of the project or activity will be initially proposed by the entity and then reviewed and assigned by the Secretariat.

### IV. Additional considerations for the fit-for-purpose accreditation process

18. **Gender considerations:** Recognizing the importance of gender considerations, entities will be required to comply with the Fund's Gender Policy.<sup>2</sup>

19. **Additional requirements for entities with a limited track record:** In the case of an entity that meets the accreditation criteria in most respects, but has a limited track record of managing projects or funding (a) of the type; (b) at the scale; and/or (c) at the risk level that the entity intends to undertake, the Accreditation Panel may recommend to the Board that the entity be accredited, but have a more frequent reporting requirement, which would be lifted after the first two years of its accreditation, subject to satisfactory performance. The Accreditation Panel may also recommend a more frequent, but smaller, disbursement of funding tranches, subject to review after the first two years of the applicant's accreditation. The Accreditation Panel may further recommend placing conditions on the

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<sup>1</sup> Decision GCF/B.07/03.

<sup>2</sup> To be considered by the Fund as contained in Annex II to document GCF/B.08/19.

sectors of the projects or activities that the entity can undertake. The Accreditation Panel will determine on a case-by-case basis the appropriate recommendation or conditions that may apply to the entity in circumstances where there is a limited track record.

20. **Accreditation of additional capacities:** In the event that an entity that has been accredited with certain restrictions on its activities subsequently wishes to take on additional activities, it may re-apply for accreditation of these additional capacities. It will go directly to Stage II of the accreditation process and the assessment will focus only on those additional capacities and not on those already accredited, unless the applicant entity wishes to go through Stage I of the accreditation process for the purposes of readiness assessment and eventual support on those capacities for which it may seek further accreditation.

21. **Monitoring and review of accredited entities:** The Secretariat will conduct monitoring based on regular reporting by the accredited entity to the Fund. The Secretariat will normally conduct a review of accredited entities every five years<sup>3</sup> or more frequently if it is recommended by the Accreditation Panel. The review will consist of checking if the accredited entity and its activities are in compliance with the terms of its accreditation, and if any event has occurred that may lead to a suspension, downgrading or withdrawal of accreditation. Based on the results of the review conducted by the Secretariat, the Accreditation Panel will recommend to the Board whether the accreditation status granted to an entity should be revised.

22. **Evaluation of accreditation:** The accreditation framework will be reviewed every five years. The Secretariat or the Accreditation Panel may also recommend a focused review of specific elements of the fit-for-purpose accreditation approach as needed.

**\*DECISION B.07/02: Adoption of the initial guiding framework for the Fund's accreditation process, initial fiduciary principles and standards, interim performance standards, and establishment of an Accreditation Committee and an Accreditation Panel**

The Board, having considered document GCF/B.07/02 Guiding Framework and Procedures for Accrediting National, Regional and International Implementing Entities and Intermediaries, Including the Fund's Fiduciary Principles and Standards and Environmental and Social Safeguards:

- (a) Decides to adopt the initial guiding framework for the Fund's accreditation process as contained in Annex I to this document, recognizing that it also applies to private sector entities Also decides to adopt the initial fiduciary principles and standards contained in Annex II to this document, and will conduct a review of these standards within three years;
- (b) Further decides to adopt, on an interim basis, the Performance Standards of the International Finance Corporation (IFC), as contained in Annex III to this document, noting that their use and implementation will be guided by the IFC Guidance Notes;<sup>1</sup>
- (c) Decides to aim to complete the process of developing the Fund's own environmental and social safeguards (ESS), which will build on evolving best practices, within a period of three years after the Fund becomes operational, and with inclusive multi-stakeholder participation;
- (d) Establishes an Accreditation Committee comprised of four Board members\*or alternates in accordance with the terms of reference contained in Annex IV;
- (e) Invites the Board members in the team established in decision B.05/08, paragraphs (d) and (e), to serve as the Fund's Accreditation Committee for its first term, with [Name of Board member or alternate] as Chair and [Name of Board member or alternate] as Vice-Chair;
- (f) Establishes the Fund's Accreditation Panel as an independent technical panel to advise the Board on matters related to the accreditation of implementing entities (IEs) and

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<sup>3</sup> Decision GCF/B.07/02.

<sup>1</sup> IFC, "International Finance Corporation's Guidance Notes: Performance Standards on Environmental and Social Sustainability", 1 January 2012. Available from <http://www.ifc.org/wps/wcm/connect/efdaaa8043649142947696d3e9bda932/Guidance+Notes+to+Performance+Standards+on+Environmental+and+Social+Sustainability.pdf?MOD=AJPERES>to>.

\* By decision B.11/14(e), the Board at its Eleventh Meeting, appointed as members of the Accreditation Committee, for the second term: (i) Mr. Henrik Harboe; (ii) Mr. Leonardo Martinez-Diaz; and (iii) Mr. Anders Wallberg.

intermediaries to the Fund. The Panel will be comprised of six expert members with balanced representation between developing and developed countries and the appropriate range of expertise, to be nominated by the Accreditation Committee for endorsement by the Board soon thereafter. This Panel will be in charge of conducting the accreditation process in accordance with its terms of reference;

- (g) Adopts the terms of reference for the Fund's Accreditation Committee and Accreditation Panel contained in Annex IV and Annex V to this document, respectively;
- (h) Requests the Secretariat to develop, in consultation with the Accreditation Committee hereby established, a policy on accreditation fees that takes into account the financial capacities of institutions;
- (i) Agrees on a fit-for-purpose accreditation approach that matches the nature, scale and risks of proposed activities to the application of the initial fiduciary standards and interim ESS;
- (j) Requests the Secretariat to elaborate, under the guidance of the Accreditation Committee and Panel, the following elements for decision by the Board at its third meeting in 2014:
  - (i) Guidelines for the operationalization of the fit-for-purpose accreditation approach referred to in paragraph (j) above; and
  - (ii) A work programme on complementarity and coherence with the accreditation systems and processes of other relevant funds, as well as relevant private sector associations, in consultation with the Private Sector Advisory Group (PSAG) and relevant stakeholders;
- (k) Requests the Accreditation Panel, with the support of the Secretariat, under the guidance of the Accreditation Committee, to elaborate the following elements for decision by the Board at its third meeting in 2014:
  - (i) An assessment, including a gap analysis, of institutions accredited by other relevant funds and in line with the Fund's objectives against the interim ESS and initial fiduciary standards with recommendations on their potential accreditation or fast-tracking; and
  - (ii) The identification of potential relevant private sector international best practice fiduciary principles or standards and ESS, and an assessment of gaps against the Fund's initial fiduciary standards and interim ESS, in collaboration with the PSAG and in consultation with relevant stakeholders;
- (l) Also requests the Secretariat to issue a progress report by September on the items contained in paragraph (k) above;
- (m) Further requests the Secretariat, in consultation with the Accreditation Committee and the Accreditation Panel as needed, to develop an environmental and social management system for the Fund, based on the outline contained in Annex VI, which will include guidelines on the categorization of projects by IEs and intermediaries according to the level of environmental and social risk and in accordance with the Fund's interim ESS;
- (n) Requests the Accreditation Panel, in collaboration with the Accreditation Committee and the Secretariat, to report annually to the Board on the status of applications for accreditation, identifying and analyzing barriers faced by applicants in meeting the requirements;
- (o) Recalling decision B.05/14, paragraph (b), on providing readiness and preparatory support to enable IEs and intermediaries to meet the Fund's fiduciary principles and standards, and ESS, in order to directly access the Fund, requests the Secretariat to consider the findings of the report referenced in paragraph (m) above in updating its readiness support programme accordingly, and to prepare tools and guidance materials to enable applicants to comply with the fit-for-purpose accreditation requirements and

process;

- (p) Requests the Secretariat to develop, under the guidance of the Accreditation Panel, additional specialized fiduciary standards that may be deemed necessary to effectively accommodate all institutional capacities required in IEs and intermediaries in the initial phase of operations of the Fund; and
- (q) Decides to open a call for submissions of accreditation applications from IEs and intermediaries after the Board's third meeting of 2014, and requests the Secretariat to prepare the relevant application documents for consideration by the Board at its third meeting in 2014.

(Note: Paragraphs (e), (f), and (g) of the above decision are also shown under the Committees of the Board in Chapter VI together with Annex IV, see \*DECISION B.07/02 (e), (f), (h): Adoption of the initial guiding framework for the Fund's accreditation process, initial fiduciary principles and standards, interim performance standards, and establishment of an Accreditation Committee and an Accreditation Panel and paragraph (n) and its annex VI are included in Chapter I under Environmental and Social Management System, see \*DECISION B.07/02(n): Adoption of the initial guiding framework for the Fund's accreditation process, initial fiduciary principles and standards, interim performance standards, and establishment of an Accreditation Committee and an Accreditation Panel )

### Annex I: Initial guiding framework for the Fund's accreditation process

#### **I. General objective**

1. The general objective of this guiding framework is to enable a coherent integration of the Fund's fiduciary principles and standards and environmental and social safeguards with the Fund's accreditation process and its related operational systems and procedures, including the organizational structure and governance system dedicated to supporting it.

#### **II. Guiding principles for the accreditation process of the Fund**

2. The guiding principles for the Fund's accreditation process will consist of:

- (a) **Best practices and continuous update:** The Fund's fiduciary principles and standards and environmental and social safeguards will be consistently in line with international best practices and standards, and systematically endeavour to reflect the best of the experience and lessons learned by relevant institutions, as well as lessons learned from its own experiences with fiduciary principles and standards and environmental and social safeguards;
- (b) **Accountability, transparency, fairness and professionalism:** Its governance system, procedures and organizational approach will ensure accountability, transparency, fairness and adequate professionalism in the accreditation process and across all operational procedures, allowing for reasonable levels of assurance and comparability with regard to the presence and performance of the required institutional capacities;
- (c) **A dynamic process that is reliable, credible and flexible:** Its modalities will pursue rigorous, independent, objective and systematic assessment and review processes, while giving due attention to special circumstances of applicant entities. A dynamic accreditation process will aim at enabling potential entities to increase their scope of activities as their capacity increases over time;
- (d) **Coherence and integration with other relevant provisions of the Fund:** The Fund's fiduciary principles and standards, environmental and social safeguards, and general accreditation procedures will be consistent and properly linked with other relevant elements of the Fund's governance, particularly the Fund's independent redress mechanism, interim disclosure policy, gender policy and others as appropriate; and
- (e) **Readiness and effectiveness:** The accreditation process will allow for readiness and preparatory support in the context of direct access and the different capacities and capabilities of countries and institutions to enhance country ownership, with a view to facilitating capacity-building.

#### **III. Fund's initial fiduciary principles and standards**

3. The Fund's fiduciary principles and standards will distinguish between basic fiduciary criteria and specialized fiduciary criteria, which will reflect the institutional capacities necessary to deliver against the Fund's objectives and in accordance with the scope of responsibilities entrusted to the implementing entity (IE) or intermediary.

4. In this initial phase of the Fund's operations, the Fund's initial fiduciary principles and standards will distinguish between basic and specialized fiduciary standards as illustrated in the table below:

**Table: Purpose and scope of the basic and specialized fiduciary standards**

	Purpose	Scope
Basic fiduciary criteria	Key administrative and financial capacities	<ul style="list-style-type: none"> <li>• General management and administrative capacities</li> <li>• Financial management and accounting</li> <li>• Internal and external audit</li> <li>• Control frameworks</li> <li>• Procurement</li> </ul>
	Transparency and accountability	<ul style="list-style-type: none"> <li>• Disclosure of conflicts of interest</li> <li>• Code of ethics</li> <li>• Capacity to prevent or deal with financial mismanagement and other forms of malpractice</li> <li>• Investigations</li> <li>• Anti-money laundering and anti-terrorist financing</li> </ul>
Specialized fiduciary criteria	Project management	<ul style="list-style-type: none"> <li>• Project preparation and appraisal (from concept to full funding proposal)</li> <li>• Project oversight and control</li> <li>• Monitoring and evaluation</li> <li>• Project-at-risk systems and related project risk management capabilities</li> </ul>
	Grant award and/or funding allocation mechanisms	<ul style="list-style-type: none"> <li>• Grant award procedures</li> <li>• Transparent allocation of financial resources</li> <li>• Public access to information on beneficiaries and results</li> <li>• Good standing with regard to multilateral funding (e.g. through recognized public expenditure reviews)</li> </ul>
	On-lending and/or blending	<ul style="list-style-type: none"> <li>• Appropriate registration and/or licensing by a financial oversight body or regulator in the country and/or internationally, as applicable</li> <li>• Track record, institutional experience and existing arrangements and capacities for on-lending and blending with resources from other international or multilateral sources;</li> <li>• Creditworthiness;</li> <li>• Due diligence policies, processes and procedures;</li> <li>• Financial resource management, including analysis of the lending portfolio of the intermediary;</li> <li>• Public access to information on beneficiaries and results;</li> <li>• Investment management, policies and systems, including in relation to portfolio management;</li> <li>• Capacity to channel funds transparently and effectively, and to transfer the Fund's funding advantages to final beneficiaries;</li> <li>• Financial risk management, including asset liability management;</li> <li>• Governance and organizational arrangements, including relationships between the treasury function and the operational side (front desk).</li> </ul>

5. The Fund's fiduciary principles and standards will form the fiduciary criteria of the Fund to assess IEs and intermediaries for accreditation to the Fund, and will be applied according to the fit-for-purpose accreditation approach. Once accredited, IEs and intermediaries will be required to fully meet these criteria for as long as the entity intends to retain its accreditation status with and commitments to the Fund.

6. Annex II contains the Fund's initial fiduciary principles and standards.

**IV. Environmental and social safeguards**

7. The Fund will adopt, on an interim basis, the environmental and social Performance Standards (PS) of the International Finance Corporation (IFC). These will be used by the Fund in combination with the IFC's Guidance Notes, which provide more detail on each PS, until the Fund's own environmental and social safeguards (ESS) are fully developed.

8. Once the Fund has built up a track record of experience and lessons learned, an in-depth review will be conducted, including benchmarking against recently updated regional bank standards, the updated World Bank Safeguards (anticipated), and experience in implementing the Adaptation Fund principles. This review will aim at completing the process of developing the Fund's own ESS, which will build on evolving best practices, within a period of three years after the Fund becomes operational.
  9. In addition, observations from the Independent Evaluation Unit and with the independent redress mechanism will be taken into account in the development of the Fund's own ESS.
  10. The interim ESS contain the requirements that, in cases where there may be environmental and/or social impacts, accredited entities must ensure are implemented by executing entities in relation to activities supported financially by the Fund.
  11. The Fund ESS will be applied to all projects, as well as individual projects or activities within a programme, to be funded by the Fund.
  12. The package consists of eight standards with the first one, Performance Standard 1: Assessment and Management of Environmental and Social Risks, applying to all funding proposals.
  13. Performance Standard 1 establishes the importance of:
    - (a) Integrated assessment to identify the environmental and social impacts, risks and opportunities of funding proposals;
    - (b) Effective community engagement through the disclosure of project-related information and consultation with local communities on matters that directly affect them; and
    - (c) The accredited entities' management of environmental and social performance throughout the life of the funding project or programme.
  14. Performance Standards 2 through 8 establish objectives and requirements to avoid and minimize and, where residual impacts remain, compensate/offset the risks and impacts to workers, affected communities and the environment. While all relevant environmental and social risks and potential impacts should be considered as part of the assessment, Performance Standards 2 through 8 describe potential environmental and social risks and impacts that require particular attention.
  15. PS 2-8 will be utilized in a modular way as needed. Where environmental or social risks and impacts are identified, the accredited entity is required to manage them in accordance with the Fund's ESS through the relevant executing entity(ies).
  16. The IFC's PS and Guidance Notes will also serve as the basis for the development of the Fund's own ESS.
- ### 4.1 Scaled risk-based approach
17. The application of the Fund's interim ESS will be implemented in a risk-based manner and not in a blunt, one-size-fits-all approach. This approach will ensure that environmental and social requirements and processes are commensurate to their level of risk and, coupled with the modular application of the Fund's interim ESS, will not slow down or overburden low- to no-risk projects.
  18. This approach also provides the Fund with a tool for quickly judging exposure to environmental and social risks, both at the individual project level as well as the portfolio level.
  19. IEs and intermediaries accredited to the Fund will have the capacity and a system for screening funding proposals in order to identify the potential environmental and social risks and/or impacts and to determine if any potential inconsistencies with the Fund's interim ESS are insurmountable and/or not manageable over a reasonable period of time.
  20. Funding proposals will thus fit into the following categories:
    - (a) Category A: Activities with potential significant adverse environmental and/or social risks and/or impacts that are diverse, irreversible, or unprecedented;
    - (b) Category B: Activities with potential mild adverse environmental and/or social risks and/or impacts that are few in number, generally site-specific, largely reversible, and readily addressed through mitigation measures;
    - (c) Category C: Activities with minimal or no adverse environmental and/or social risks and/or impacts;
  21. Category for intermediation: activities involving investments through financial intermediation functions or through delivery mechanisms involving financial intermediation, and are divided into the following three levels of risk:
    - (a) High level of intermediation – I1: When an intermediary's existing or proposed portfolio includes, or is expected to include, substantial financial exposure to activities with potential significant adverse environmental and/or social risks and/or impacts that are diverse, irreversible, or unprecedented;

- (b) Medium level of intermediation – I2: When an intermediary’s existing or proposed portfolio includes, or is expected to include, substantial financial exposure to activities with potential limited adverse environmental or social risks and/or impacts that are few in number, generally-site specific, largely reversible, and readily addressed through mitigation measures; or includes a very limited number of activities with potential significant adverse environmental and/or social risks and/or impacts that are diverse, irreversible, or unprecedented;
  - (c) Low level of intermediation – I3: When an intermediary’s existing or proposed portfolio includes financial exposure to activities that predominantly have minimal or negligible adverse environmental and/or social impacts.
22. Additional guidance will be developed for accredited entities on how to categorize projects.

**V. Accreditation process**

23. The Fund’s accreditation process will be based on three main stages:

- (a) Stage I: No-objection and readiness;
- (b) Stage II: Accreditation review and decision;
- (c) Stage III: Final arrangements.

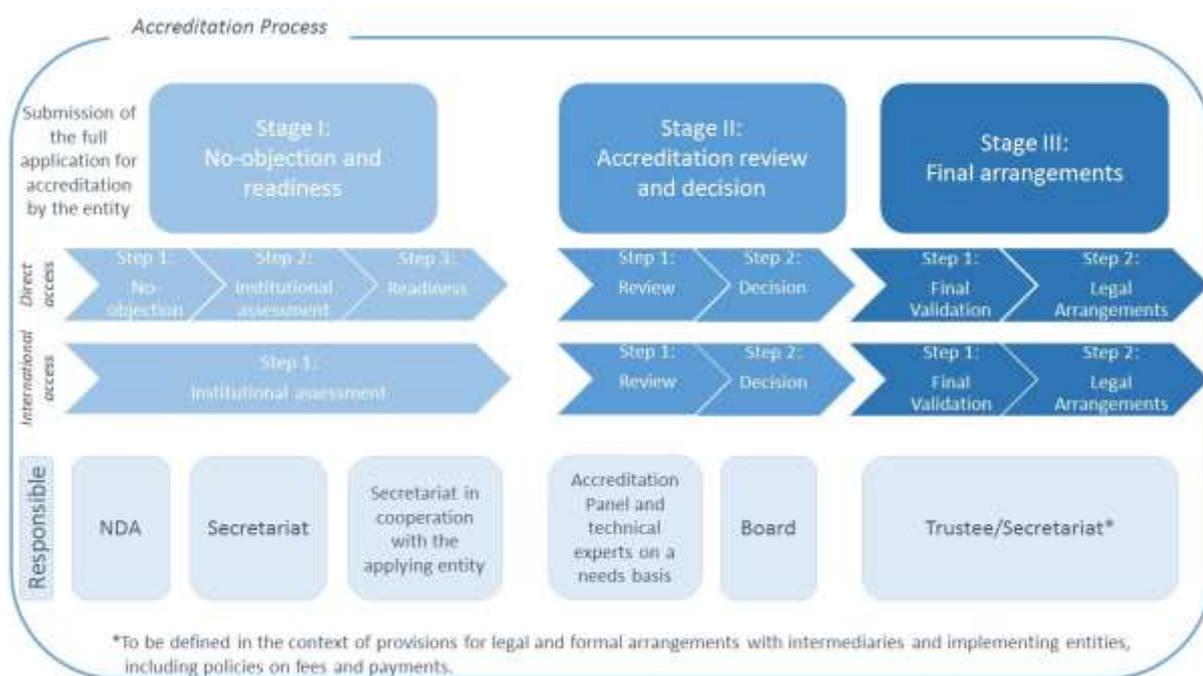


Figure 1: Overview of the accreditation process

24. The Fund will accept and review applications on a rolling basis. Applicant entities will submit their application in accordance with operational procedures to be developed by the Secretariat in consultation with the Accreditation Committee and Panel. Applicant entities will also have to include a communication indicating no-objection from the relevant national designated authority/focal point, if applicable.

5.1 Stage I: No-objection and readiness

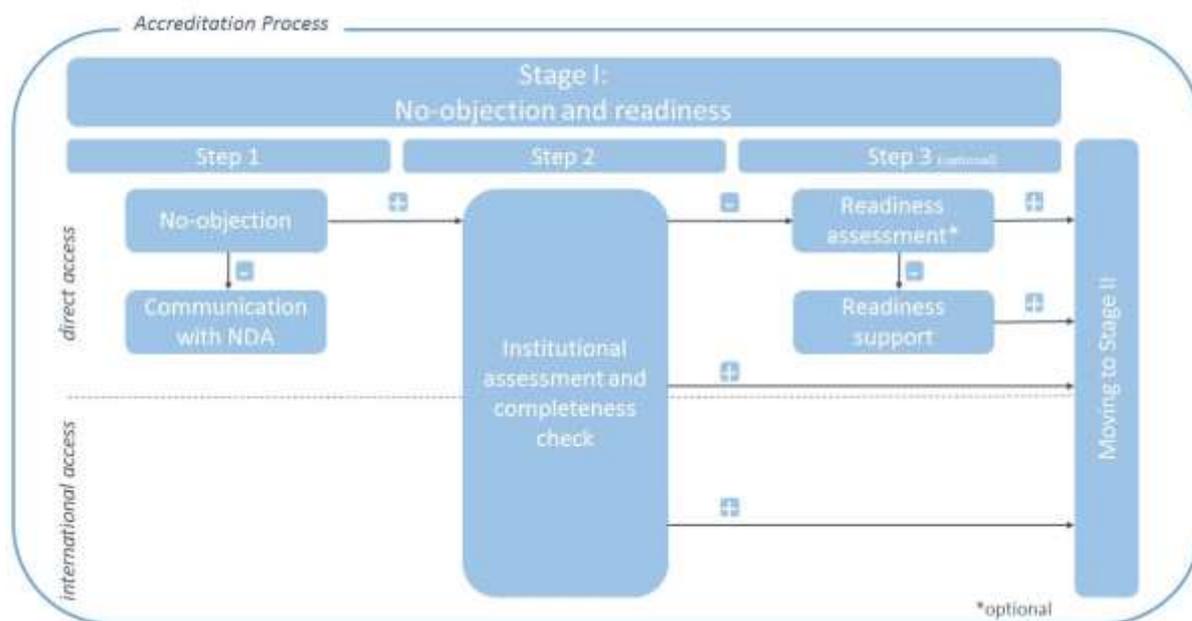
25. The overall purpose of this stage is to determine whether applicant entities show sufficient preparedness and institutional capabilities to progress to stage II in the accreditation process of the Fund.

26. Two tracks are envisioned: one applicable to direct access (for subnational, national and regional entities) and the other applicable to the international access (for international entities, including United Nations agencies, multilateral development banks, international financial institutions and regional institutions).

27. Stage I will be triggered by the submission of a full application by the applicant entity. This stage may follow one of two tracks:

- (a) Direct access track (for subnational, national and regional applicant entities);
- (b) International access track (for international entities, including United Nations agencies, multilateral development banks, international financial institutions and regional institutions);

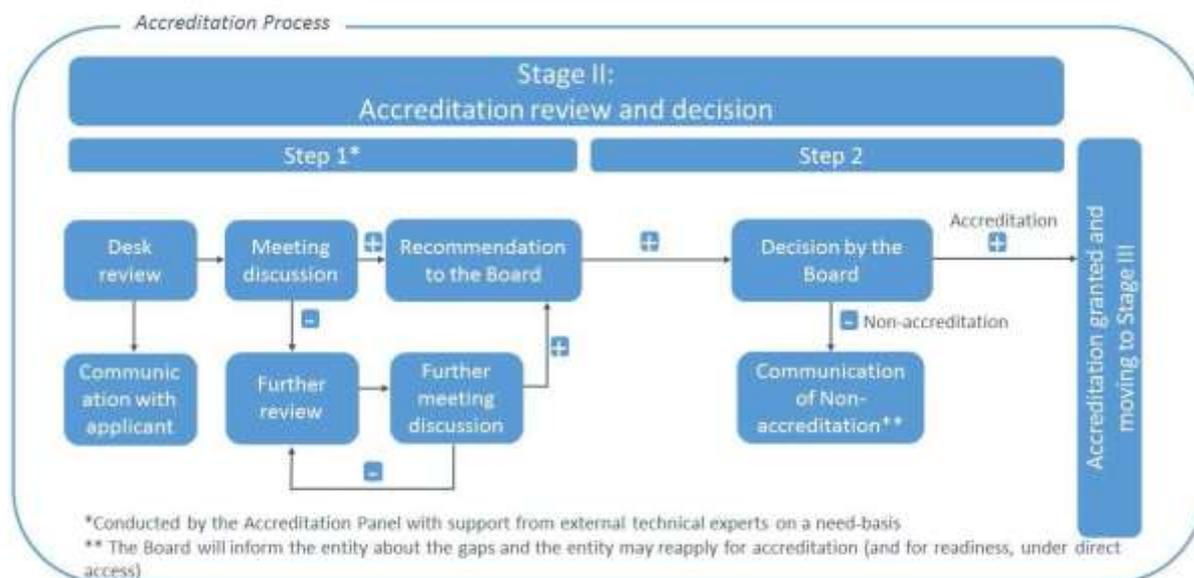
- (c) In the case of the direct access track, two mandatory steps will apply ('no-objection' and 'institutional assessment and completeness check') and one optional third step ('readiness').
28. In the case of the international access track, entities will only be required to go through the 'institutional assessment and completeness check'.



**Figure 2: Overview of Stage I of the Accreditation Process**

29. The main purpose of the 'institutional assessment and completeness check' step is to ensure that applications are properly submitted with all the necessary information and that they comply with criteria such as legal status and mandate, institutional track record, alignment with the Fund's objectives and guiding principles.
30. The 'institutional assessment and completeness check' step will look at:
- Legal status:** The applicant entity has full legal capacity within the relevant jurisdiction that enables it to undertake the intended activities to be funded by the Fund and to become an accredited entity of the Fund;
  - Registration, permits and licenses:** The applicant entity possesses all necessary, relevant and applicable registrations, permits or licenses in good standing from national and/or international regulators or oversight bodies;
  - Track record:** The applicant entity exhibits a consistent and positive track record in the context of its own institutional mandate, as well as in areas relevant to the Fund's objectives and initial results areas;
  - Institutional presence and relevant networks:** The applicant is able to demonstrate potential for meaningful impact in one or more of the Fund's initial result areas, and has at its disposal networks of relevant institutions and experts at the regional and national level, as appropriate;
  - Readiness:** The applicant entity is able to describe succinctly how it meets the Fund's initial basic fiduciary standards and applicable initial specialized fiduciary standards, as well as demonstrate that it has the capacity and commitment to implement the Fund's ESS.
31. In the context of direct access, and in cases where weaknesses or a lack of capacity to meet the criteria above is determined, the applicant entity will be eligible to opt for a personalized readiness and preparatory support activity plan.
32. The operational details of these readiness and preparatory support activities for accreditation will be further elaborated and will also be included in the Fund's Detailed Work Programme on Readiness and Preparatory Support.
33. The Secretariat will be responsible for the overall coordination and management of this stage as well as for conducting the screening and institutional assessment based on the criteria above.
- 5.2 Stage II: Accreditation review process and decision
34. The objective of this stage is to conduct the actual review of the applications for accreditation submitted by the interested entities, with a view to determining their suitability for accreditation to the Fund. This process will consist

of two main steps: the review of the application for accreditation to be conducted by the Fund's Accreditation Panel, and the decision on the application, to be made by the Board on the basis of the outcome of the review and recommendation of the Accreditation Panel.



**Figure 3: Overview of Stage II of the Accreditation Process**

### 5.2.1 Stage II – Step 1: Review of the application for accreditation

35. This step in stage II will ascertain whether applicant entities:

- (a) Meet the Fund's applicable initial basic fiduciary standards and applicable initial specialized fiduciary standards; and
- (b) Have the capacity to manage relevant environmental and social risks in line with the Fund's interim ESS and scaled risk-based approach.

36. The accreditation process will examine, where applicable and in line with the Fund's interim ESS, the robustness of the applicant's ESMS.

37. A fit-for-purpose accreditation approach that matches the nature, scale and risks of proposed activities to the application of the Fund's initial fiduciary standards and interim ESS will be elaborated. This approach will define the appropriate application of the criteria in paragraph 35 and 36 above.

38. The Fund's Accreditation Panel will conduct the accreditation review process<sup>1</sup> and recommend to the Board whether the applicant entity should be accredited or not; or alternatively whether the applicant entity may reapply once it has addressed the specific areas of concern.

### 5.2.2 Stage II – Step 2: Decision on the application for accreditation

39. At the end of this stage the Board will consider the recommendations of the Accreditation Panel and make a decision on whether the applicant entity can be granted accreditation and move on to stage III for final validation and legal arrangements.

40. Based on the recommendations of the Accreditation Panel, the Board may alternatively decide to assign the entity to stage I for additional focused readiness support and reconsider the application at a later date after the application undergoes a further focused accreditation review by the Accreditation Panel.

### 5.3 Stage III: Final validation and arrangements

41. Stage III will conclude the process through the validation and finalization of formal arrangements between the applicant entity and the Fund upon the successful completion of stage II.

42. This will include validation and registration of the accredited entity's payment instructions and the conclusion

<sup>1</sup> Decision B.05/08 (d) (iii).

of legal arrangements between the accredited entity and the Fund.

### 5.4 Additional operational considerations

43. Accreditation will be reviewed after five years. Modalities for renewal will be developed based on a range of criteria, including performance by the entity during the five-year cycle.

44. The accreditation of additional institutional capacities (e.g. on-lending and blending) can be done at any time and as soon as the entity considers itself ready to pursue such accreditation. The accreditation process will then focus only on the new capacities to be reviewed and not on all the other capacities already accredited.

45. The guiding framework will also include a policy on fees on a cost-recovery basis that should take into account relevant criteria, such as whether readiness support was provided or not during stage I, specialized fiduciary standards being accredited, scale and size of intended operations, etc.

46. It is difficult to provide a timeline for the duration of the full accreditation process for a given application. However, assuming all documentation is provided in a timely and complete manner and that the applicant does not opt for readiness support, a full accreditation cycle should be completed within six months.

47. A monitoring and accountability framework will be developed, which will include policies on the suspension and cancellation of accreditation to complement these operational guidelines and the Fund's other relevant accountability mechanisms.

## VI. Governance and organizational approach

48. The accreditation process will include and be conducted, implemented and supported by the following actors:

- (a) The Board;
- (b) The Secretariat;
- (c) The Accreditation Committee;
- (d) The Accreditation Panel; and
- (e) External technical experts.

### 6.1 Role and mandate of the Board

49. As defined by the Governing Instrument, the Board will develop, manage and oversee an accreditation process for all IEs and intermediaries based on specific accreditation criteria that reflect the Fund's fiduciary principles and standards and environmental and social safeguards.

50. The Board will therefore be the ultimate decision-making body on accreditation and overall policy guidance on accreditation matters, and will broadly oversee the accreditation process.

### 6.2 Role and mandate of the Accreditation Committee

51. The Accreditation Committee will be accountable to the Board and under its authority. Its composition and the scope of its responsibilities will be defined in the terms of reference of the Fund's Accreditation Committee contained in Annex IV, and will include:

- (a) Providing guidance on the development of policies and procedures for the Fund's guiding framework for the accreditation process;
- (b) Facilitating the Board's interaction with recipient countries with regard to disseminating information to them and familiarizing them with the accreditation process; and
- (c) Providing policy guidance to the Accreditation Panel to facilitate the accreditation process without interfering with the technical assessments of the Panel.

### 6.3 Role and mandate of the Accreditation Panel

52. The Accreditation Panel will function as an independent review body accountable to the Board and under its authority. Its composition and the scope of its responsibilities will be defined in the terms of reference of the Fund's Accreditation Panel contained in Annex V, and will include:

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

### 6.4 Role and mandate of the Secretariat

53. The Secretariat will support the systems, processes and procedures of the accreditation process and will be responsible for the following core functions:

- (a) Ongoing development, in consultation with the Accreditation Committee and Panel, of the Fund's fiduciary standards, environmental and social safeguards and criteria for the accreditation of subnational, national, regional and international intermediaries and IEs to the Fund, for adoption by the Board;
- (b) Operationalization of the procedures supporting the accreditation process of the Fund, and the execution of all necessary and related activities, including the implementation, management and maintenance of its supporting systems;
- (c) Overall responsibility for conducting the no-objection and readiness assessment and the general management of stage I of the Fund's accreditation process;
- (d) Presentation of the outcomes of the no-objection and readiness assessment to the Accreditation Panel for its consideration during the accreditation review;
- (e) Implementation, operation and execution of any other functions and/or activities necessary to effectively carry out its responsibilities in the accreditation process.

### 6.5 External technical experts

54. External technical experts may be engaged by the Accreditation Panel in the in-depth review of individual applications for accreditation. Independent and recognized professionals or specialized consultancy firms will need to demonstrate experience and expertise in relevant areas in order to qualify as external technical experts.

55. The Secretariat, in coordination with and on behalf of the Accreditation Panel, will be responsible for setting up and managing a roster of external technical experts through an open, competitive and transparent selection process, which should strive to ensure the availability of relevant competencies and achieve gender and regional balance where possible. The Secretariat will also assist the Accreditation Panel in developing and updating, as necessary, the terms of reference to guide the work of the external technical experts.

56. External technical experts will be compensated in accordance with relevant administrative provisions for contracting external technical support. Consequently, external technical experts will be bound by standard contractual regulations relating to the provision of consultancy services to the Fund.

## VII. Complementarity and coherence with the accreditation processes of other relevant funds

57. Following on the principle of complementarity and coherence underpinning the Fund's operational modalities, as outlined in the Governing Instrument, the guiding framework of the accreditation process will also pursue complementarity and coherence with the accreditation frameworks and processes of other relevant funds.

58. This element of the guiding framework includes, among other operational aspects:

- (a) Regular coordination, collaboration and exchange of information with the secretariats and accreditation panels, or their equivalent institutional arrangements, for other relevant funds;
- (b) Formal and continuous mutual update on new operational guidelines and procedures, best-practice fiduciary principles and standards, environmental and social safeguards, IT support systems and other relevant policies and procedures; and
- (c) Appropriate modalities for a fast-tracked accreditation process based on the appropriate degree of compatibility between the Fund and other accreditation systems of relevant funds, ensuring that the fast-track process will not diminish the rigour of the application of the initial fiduciary standards and interim ESS.

## VIII. Review of the guiding framework

59. The accreditation framework will be an evolving process intended to ensure continuous improvement and alignment with international good practices and to reflect the experience gained by the Fund.

60. The Secretariat will be responsible for proposing to the Board, in collaboration with the Accreditation Committee and Panel, the terms of reference for a comprehensive review of the guiding framework of the Fund's accreditation process once the Fund has built up a track record of experience and lessons learned.

61. The Secretariat, the Accreditation Committee, and the Accreditation Panel may also propose to the Board a focused review of specific elements of the guiding framework of the accreditation process, including the Fund's initial fiduciary standards and initial environmental and social safeguards, as deemed necessary and in the context of the development of the Fund's additional specialized fiduciary standards, its ESS, and its environmental and social management system.

### Annex II: Initial fiduciary principles and standards of the Fund

#### **I. Initial basic fiduciary standards**

##### 1.1 Key administrative and financial capacities

1. Underlying principles of the Fund's initial basic fiduciary standards for administrative and financial capacities are:

- (a) Financial inputs and outputs are properly accounted for, reported, and administered transparently in accordance with pertinent regulations and laws, and with due accountability;
- (b) Information relating to the overall administration and management of the entity is available, consistent, reliable, complete and relevant to the required fiduciary standards; and
- (c) Operations of the entity show a track record in effectiveness and efficiency.

##### 1.1.1 General management and administrative capacities

2. Clear and formal definition of the main "corporate governance" actors of the entity and of their respective roles and responsibilities (for example, oversight authorities, audit committee, regulators, governing board, executive body, internal audit body, external audit body, etc.);

- (a) Existence of adequate internal oversight bodies and transparent rules regarding the appointment, termination and remuneration of members of such committees;
- (b) A consistent, clear and adequately communicated organization chart available, which describes, as a minimum, the entity's key areas of authority and responsibility, as well as well-defined reporting/delegation lines;
- (c) A consistent and formal process to set objectives and to ensure that the chosen objectives support and align with the mission of the entity.
- (d) Indicators to measure defined objectives and internal documents demonstrating that organization-wide objectives provide clear guidance on what the entity wants to achieve; and
- (e) A general management plan that also includes processes to monitor and report on the achievement of set objectives.

##### 1.1.2 Financial management and accounting

(a) Financial statements follow the Generally Accepted Accounting Principles (GAAP) and are prepared in accordance with recognized accounting standards, such as the International Financial Reporting Standards (IFRS), or the International Public Sector Accounting Standards (IPSAS) in the case of public entities, or other equivalent standards;

(b) The entity has in place a clear and complete set of financial statements that provide information on:

- (i) A statement of assets, liabilities and fund balances (statement of financial position);
- (ii) A statement of financial performance (income and expenses/revenue and expenditure);
- (iii) A statement of changes in financial position or a statement of changes in reserves and fund balances;
- (iv) A statement of cash flows;
- (v) A description of the accounting policies used explaining the accounting framework used; and
- (vi) Appropriate notes and disclosures in annexes to the financial statements, in particular explaining the accounting framework used, the basis of preparation of the financial statements, and the specific accounting policies that are necessary for a proper understanding of the financial statements.

(c) Financial statements are reported periodically, consistent with previous reporting periods, and allow for comparison among reporting periods;

(d) The entity uses accounting and financial information systems based on the accounting principles and procedures indicated in paragraph (a) above and how the accounting policies of the entity are adapted to the nature and complexity of its activities;

(e) Transparent and consistent payment and disbursement systems are in place with documented procedures and clear allocation of responsibilities. The entity has also legal and operational capacity to receive international payments from the Fund's Trustee and to make payments to the Fund's Trustee;

(f) A track record in the preparation and transparent use of business plans, financial projections and budgets, and the ability to continuously monitor performance and expenditure against these; and

(g) Resources, systems and procedures (including fiduciary accounts, as appropriate) are in place that ensure proper financial reporting over the use of funding received from the Fund.

### 1.1.3 Internal and external audit

#### A. Independent audit committee

3. An independent audit committee or comparable body is appointed and fully functional and oversees the work of the internal audit function as well as the external audit firm as it relates to the audit of financial statements, control systems and reporting.

4. The audit committee or comparable body is guided and mandated by written terms of reference that address its membership requirements, duties, authority, accountability and regularity of meetings.

#### B. Internal audit

5. Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organization's operations. It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes (as defined by the Institute of Internal Auditors).

(a) The internal audit function has a documented terms of reference or charter, reviewed and approved formally by senior management and the audit committee, that outlines its purpose, authorized functions and accountability;

(b) The internal audit function is carried out in accordance with internationally recognized standards such as those prescribed by the Institute of Internal Auditors or other equivalent standards;

(c) Auditors and/or entities that provide internal auditing services adhere to ethical principles of integrity, objectivity, confidentiality and competency, which is supported by specific legal arrangements to this effect;

(d) The internal audit function is independent and able to perform its respective duties objectively. It is headed by an officer specially assigned to this role with due functional independence, who reports to a level of the organization that allows the internal audit activity to properly fulfil its responsibilities;

(e) The internal audit function has a documented description of the annual audit planning process, including a risk-based methodology for preparing an audit plan. The audit plan outlines the priorities of the function and is consistent with the organization's goals;

(f) The chief audit officer shares information and coordinates activities with relevant internal and external parties (including external financial statement auditors) ensuring proper coverage and a minimization of duplication of efforts;

(g) The internal audit function disseminates its findings to the corresponding senior management units and business management units, which are responsible for acting on and/or responding to recommendations;

(h) The internal audit function has a process in place to monitor the response to its recommendations; and

(i) A process is in place to monitor and assess the overall effectiveness of the internal audit functions, including periodic internal and external quality assessments.

#### C. External audit

6. The external financial audit function ensures an independent review of financial statements and internal controls (as defined by the International Federation of Accountants (IFAC)).

(a) The entity has appointed an independent external audit firm or organization;

(b) The work of the external audit firm or organization is consistent with the recognized international auditing standards such as International Standards on Auditing (ISA), or other equivalent standards;

(c) In cases where the entity is subject to external audits carried out by a national audit institution or other form of public independent inspection body, provisions should be made so that the external audits are guaranteed independence and impartiality, including through formal terms of reference, and are conducted periodically;

(d) The entity exhibits all necessary provisions and arrangements to ensure that an annual audit opinion on the financial statements and/or, as appropriate, on all financial resources received from the Fund and administered by the entity, is issued by the external auditor and made public; and

(e) The external auditor makes regular reports of observations with respect to accounting systems, internal financial controls, and administration and management of the organization. Audits and management progress reports are reviewed by the audit committee or comparable body annually.

### 1.1.4 Control framework

7. The Committee of Sponsoring Organizations (COSO) of the Treadway Commission defines internal control as a process, effected by an entity's board of directors, management and other personnel, designed to provide reasonable assurance regarding the achievement of objectives in the following categories:

- (a) Effectiveness and efficiency of operations;
- (b) Reliability of financial reporting;
- (c) Compliance with applicable laws and regulations;
- (d) A control framework that has been adopted and that is documented and includes clearly defined roles for management, internal auditors, the board of directors or comparable body, and other personnel;
- (e) A control framework that covers the control environment (“tone at the top”), risk assessment, internal control activities, monitoring, and procedures for information sharing;
- (f) A control framework that defines roles and responsibilities pertaining to the accountability of fiscal agents and fiduciary trustees;
- (g) At the institutional level, risk-assessment processes are in place to identify, assess, analyse and provide a basis for proactive risk responses in each of the financial management areas. Risks are assessed at multiple levels, and plans of action are in place for addressing risks that are deemed significant or frequent;
- (h) The control framework guides the financial management framework;
- (i) Procedures are in place for identifying internal controls and assessing the details of the controls annually in core financial management areas, including:
  - (i) Budgeting;
  - (ii) Accounting;
  - (iii) Internal control;
  - (iv) Funds flow (including disbursements, cash management, unused fund close-out);
  - (v) Financial reporting; and
  - (vi) Auditing arrangements;
- (j) Provisions for regular oversight of the procurement function with consistent monitoring and follow-up on review reports evidence that a risk management process exists and allows management to identify, assess and address existing or potential issues that may hamper the achievement of the entity’s objectives; and
- (k) Duties are segregated where incompatible. Related duties are subject to a regular review by management; response is required when discrepancies and exceptions are noted; and segregation of duties is maintained between settlement processing, procurement processing, risk management/reconciliations, and accounting.

### 1.1.5 Procurement

8. Procurement processes in the applicant entity cover regular procurement relating to the general operations of the entity as well as procurement in the context of the implementation and execution of funding proposals approved by the Fund. These should include formal standards, guidelines and systems based on widely recognized processes and an internal control framework to ensure fair and transparent procurement processes.
- (a) Formal internal guidelines and a procurement policy that promote economy and efficiency in procurement through written standards and procedures that specify procurement requirements, accountability, and authority to take procurement actions;
  - (b) Specific procurement guidelines are in place with respect to different types of procurement managed by the entity, such as consultants, contractors and service providers;
  - (c) Specific procedures, guidelines and methodologies as well as adequate organizational resources for overseeing, assessing and reviewing the procurement procedures of beneficiary institutions, executing entities or project sponsors are in place;
  - (d) Procurement performance in the implementation of Fund’s approved funding proposals is monitored at periodic intervals, and there are processes in place requiring a response when issues are identified;
  - (e) Procurement records are easily accessible to procurement staff, and procurement policies and awards are publicly disclosed;
  - (f) Evidence of transparent and fair procurement policies and procedures that are consistent with recognized international practice, including such provisions and practices as:
    - (i) Non-discrimination and equal treatment of candidates;
    - (ii) Dispute resolution procedures;
    - (iii) Obligation to use and adherence to tendering procedures;
    - (iv) Best value for money; and

(v) Adequate ex-post communication and publication of beneficiaries.

1.2 Transparency and accountability

9. Underlying principles are:

- (a) Protection and commitment against mismanagement and fraudulent, corrupt and wasteful practices;
- (b) Disclosure of any form of conflict of interest (actual, potential or perceived); and
- (c) Code of ethics, policies and culture that drive and promote full transparency and accountability.

10. Transparency and accountability are to be demonstrated through an effective combination of fully functional policies, procedures, systems and approaches. The following standards outline the key standards to demonstrate fiduciary alignment with the above principles.

### 1.2.1 Code of ethics

- (a) The organization has in place either a documented code of ethics that defines ethical standards to be upheld, listing the parties required to adhere to the standards, including employees, consultants, and independent experts; or alternatively, a set of clear and formal management policies and provisions are in place to define expected ethical behaviour by all individuals contracted or functionally related to the organization;
- (b) All individuals with a functional and/or contractual relationship to the organization are made aware of such codes of ethics or policies/provisions as appropriate; and
- (c) The organization has in place an ethics committee or has allocated such functions to other relevant instances within the organization.

### 1.2.2 Disclosure of conflict of interest

- (a) The organization has a disclosure policy, or equivalent administrative provisions to this effect, that establishes the necessary mandatory financial disclosures of possible, actual, perceived or apparent conflicts of interest by identified parties as appropriate; and
- (b) The policy, or equivalent administrative provisions, specifies prohibited personal financial interests and describes the principles under which conflicts of interests are reviewed and resolved. It should also describe sanction measures for parties that do not disclose such conflicts on a proactive basis where a conflict of interest is identified.

### 1.2.3 Capacity to prevent or deal with financial mismanagement and other forms of malpractice

- (a) Demonstrated experience and track record in accessing financial resources from national and international sources, as appropriate;
- (b) Evidence of tone or statement from the governing bodies or senior management of the organization emphasizing a policy of zero tolerance for fraud, financial mismanagement and other forms of malpractice by staff members, consultants, contractors, or from any other relevant party associated directly or indirectly with the general operations of the entity, and particularly in relation to the implementation of approved funding proposals;
- (c) Avenues and tools for reporting suspected ethics violations, misconduct, and any kind of malpractice, which should be complemented by provisions and mechanisms protecting whistle-blowers and individuals reporting such violations;
- (d) Evidence of an objective investigation function for allegations of fraud and corruption, which includes procedures in the organization to process cases of fraud and mismanagement, undertake necessary investigative activities and generate periodic reports for information and follow-up by the ethics function; and
- (e) General management policies promote an organizational culture that is conducive to fairness, accountability and full transparency across the organization's activities and operations.

### 1.2.4 Investigation function

11. The investigation function provides for the independent and objective investigation of allegations of fraudulent and corrupt practices (using widely recognized definitions such as those agreed by the International Financial Institutions Anti-Corruption Task Force) in all operations of the entity as well as allegations of possible entity staff misconduct.

- (a) The investigation function has publicly available terms of reference that outline the purpose, authority and accountability of the function. This function may be assigned to a dedicated organizational component within the entity's structure or to another appropriate element of the organization;
- (b) To ensure functional independence, the investigations function is headed by an officer who reports to a level of the organization that allows the investigation function to fulfil its responsibilities objectively;
- (c) The investigation function has published guidelines for processing cases, including standardized procedures

for handling complaints received by the function and managing cases before, during and after the investigation process; and

- (d) The investigation function has a defined process for periodically reporting case trends. To enhance accountability and transparency, case trend reports and other information are made available to senior management and relevant business functions to the extent possible.

### 1.2.5 Anti-money laundering and anti-terrorist financing

#### II. Initial specialized fiduciary standards

12. The Fund's specialized fiduciary criteria refer to institutional capacities that will qualify the applicant entities to undertake specialized activities depending on the nature and scope of their mandate within the Fund's operations.

2.1 Initial specialized fiduciary standards relating to project management

13. The underlying principles are:

- (a) Ability to identify, formulate and appraise projects or programmes
- (b) Competency to manage or oversee the execution of approved funding proposals, including the ability to manage executing entities or project sponsors and to support project delivery and implementation;
- (c) Capacity to consistently and transparently report on the progress, delivery and implementation of the approved funding proposal;

#### 2.1.1 Project preparation and appraisal

- (a) Track record of capability and experience (including appropriate tendering procedures for project proposals) in the identification and design of projects or programmes within the respective jurisdiction (subnational, national, regional or international, as applicable);
- (b) Capacity to clearly state project objectives and outcomes in preparing funding proposals and to incorporate key performance indicators with baselines and targets into the project design;
- (c) Ability to examine and incorporate technical, financial, economic and legal aspects as well as possible environmental, social and climate change aspects, and relevant assessments thereof, into the funding proposal at the appraisal stage; and
- (d) Appropriate fiduciary oversight procedures are in place to guide the appraisal process and ensure its quality and monitoring of follow-up actions during implementation.

#### 2.1.2 Project oversight and control

- (a) Operational systems, procedures and overall capacity to consistently prepare project implementation plans, including project budgets, reporting guidelines and templates to be used by executing entities or project sponsors;
- (b) Operational capacity and organizational arrangements to continuously oversee the implementation of the approved funding proposal in order to regularly assess project expenditure against project budget as well as to monitor and identify opportunities for improving project performance against its budget and timelines;
- (c) Appropriate reporting capabilities and capacities to appropriately publish implementation reports; and
- (d) Operational systems and overall capacity to conduct necessary activities relating to project closure, including due reporting on results achieved, lessons learned and recommendations for improvement, as well as capacity to disseminate results and make key findings publicly available.

#### 2.1.3 Monitoring and evaluation

14. The monitoring function detects, assesses, and provides management information about risks relating to projects, particularly those deemed to be at risk.

15. The evaluation function assesses the extent to which projects, programmes, strategies, policies, sectors or other activities achieve their objectives and contribute to the initial results areas of the Fund. The goal of evaluation is to provide an objective basis for assessing results, to provide accountability in the achievement of objectives, and to learn from experience (and to detect any deviation from project planning in the early stages).

A. Monitoring

- (a) Operational and organizational resources are available to implement monitoring functions, policies and procedures consistent with the requirements of the Fund's monitoring and evaluation guidelines;
- (b) The roles and responsibilities of the monitoring function are clearly articulated at both the project and entity/portfolio levels. The monitoring function at the entity/portfolio level is separated from the project origination and supervision functions;

Tools for reporting on project monitoring are available and monitoring results are periodically published.

- B. Evaluation
- (a) Independent evaluations are undertaken by an established body or function as part of a systematic programme of assessing results, consistent with relevant requirements and related Fund policies;
  - (b) The evaluation function follows impartial, widely recognized, documented and professional standards and methods;
  - (c) The evaluation body or function is structured to have the maximum independence possible from the organization's operations, consistent with the structure of the entity, ideally reporting directly to the board of directors or comparable body. If its structural independence is limited, the evaluation body or function has provisions that ensure transparent reporting to senior management;
  - (d) An evaluation disclosure policy is in place. Evaluation reports are disseminated as widely as possible, at a minimum to all parties directly or indirectly involved in the project or programme. To enhance transparency, reports are available publicly to the extent possible.

### 2.1.4 Project-at-risk systems and related project risk management capabilities

- (a) A process or system, such as a project-at-risk system, is in place to flag early on when a project has developed problems that may interfere with the achievement of its objectives, and to respond accordingly to redress the problems;
- (b) Availability of an independent risk management function differentiated from project implementation and project supervision responsibilities;
- (c) Risk assessment:
  - (i) Demonstrated capabilities to undertake the assessment of financial, economic, political and regulatory risks during the implementation stages; and
  - (ii) Demonstrated ability to integrate risk mitigation and management strategies into the funding proposal at all levels listed above, and to exercise such strategies during the implementation stage.

## 2.2 Grant award mechanisms

### 2.2.1 Transparent eligibility criteria and evaluation

- (a) The grant award mechanism is organized in a fully transparent manner that guarantees impartiality and equal treatment to all applicants;
- (b) The evaluation process is based solely on the criteria for exclusion, eligibility, selection and award pre-announced in the call for proposals;
- (c) Eligibility evaluation performed on the basis of the criteria stated in the call for proposals;
- (d) All stages are formally documented through standardized checklists and forms;
- (e) There is an evaluation committee that:
  - (i) Evaluates the applications to make a recommendation for award and rejections in accordance with the pre-announced criteria; and
  - (ii) Works in accordance with the formal rules of procedure.

### 2.2.2 Grant award decision and procedures

- (a) The grant award decision is taken by the person or body who is legally authorized to sign grant agreements on behalf of the awarding body;
- (b) The grant award decision is based on the grant award proposal prepared by the evaluation committee;
- (c) If the grant award does not follow evaluation committee's recommendation, the departing decision is adequately justified and documented;
- (d) The grant decision states the following:
  - (i) Subject and overall amount of decision;
  - (ii) Name of beneficiaries, title of granted activity, grant amount awarded, and the reason(s) for this choice; and
  - (iii) Name(s) of application(s) rejected and reason for their rejection(s).
- (e) Checks have been undertaken to guarantee that one and the same activity only results in the award of one grant to any one beneficiary;
- (f) No grant is awarded retrospectively for activities already started or completed at the time of the application;
- (g) All applicants are notified in writing of grant award outcome; and

- (h) Rejected applications result in rejected applicants receiving reason(s) for rejection with reference to the pre-announced criteria;

### 2.2.3 Public access to information on beneficiaries and results

- (a) Grant-awarding entity makes the grant award results public;
- (b) Results made public within a reasonable timeframe following the grant award decision;
- (c) The following information should be included (at a minimum):
  - (i) Name, address and nationality of the beneficiary;
  - (ii) Purpose of the grant; and
  - (iii) Grant amount awarded and, where applicable, the maximum co-financing rate of the cost.

### 2.2.4 Transparent allocation and implementation of financial resources

- (a) There is a system in place to provide assurance on the reality and eligibility of activities to be carried out with the grant award as well as the legality of the underlying operations;
- (b) There is a system in place to recover funds unduly paid;
- (c) There is a system in place to prevent irregularities and fraud;
- (d) The grant-awarding entity monitors the implementation of funded programme activities and supports beneficiaries through counselling and advice;
- (e) There are sufficient possibilities for the beneficiary to contact the grant-awarding entity;
- (f) The grant-awarding entity carries out on-site visits to monitor the implementation of individual projects;
- (g) Those on-site visits are used to support the beneficiary, gather and disseminate best practices and establish/maintain good relations between the awarding entity and the beneficiary entity;
- (h) There are clear procedures about procurement rules the grant beneficiary is required to apply, if any;
- (i) The amount of the grant is finalized only after the grant-accepting entity has accepted the final report and accounts;
- (j) There are procedures in place for the suspension, reduction, or termination of the grant if the beneficiary fails to comply with its obligations.

### 2.2.5 Good standing with regard to multilateral funding

#### 2.3 On-lending and/or blending

16. Additional specialized criteria for on-lending and blending will apply for intermediaries and IEs that wish to use those financial instruments with the Fund's resources. The following list suggests possible on-lending and blending capacities for consideration during the accreditation process:

- (a) Appropriate registration and/or license from a financial oversight body or regulator in the country and/or internationally, as applicable;
- (b) Track record, institutional experience and existing arrangements and capacities for on-lending and blending with resources from other international or multilateral sources;
- (c) The creditworthiness of the institution making on-lending or blending arrangements;
- (d) Due diligence policies, processes and procedures in place;
- (e) Financial resources management, including analysis of lending portfolio of the intermediary;
- (f) Public access to information on beneficiaries and results;
- (g) Investment management, policies and systems, including in relation to portfolio management;
- (h) Capacity to channel funds transparently and effectively, and to transfer the Fund's funding advantages to final beneficiaries;
- (i) Financial risk management, including asset liability management;
- (j) Governance and organizational arrangements, including relationships between the entity's treasury function and the operational side;
- (k) For intermediaries or IEs that blend grant awards:
  - (l) There are clear procedures about the grant award rules that the implementing partner is required to apply; or
  - (m) If the intermediary or IE uses its own rules, the minimum requirements are satisfactory.

### Annex III: Interim environmental and social safeguards of the Fund

#### **I. Overview of the International Finance Corporation Performance Standards**

1. The eight Performance Standards (PS) and the objectives of each are as follows:
  - 1.1 PS1: Assessment and management of environmental and social risks and impacts
    - (a) Identify funding proposal's environmental and social risks and impacts;
    - (b) Adopt mitigation hierarchy: anticipate, avoid; minimize; compensate or offset;
    - (c) Improve performance through an environmental and social management system;
    - (d) Engagement with affected communities or other stakeholders throughout funding proposal cycle. This includes communications and grievance mechanisms.
  - 1.2 PS2: Labour and working conditions
    - (a) Fair treatment, non-discrimination, equal opportunity;
    - (b) Good worker-management relationship;
    - (c) Comply with national employment and labour laws;
    - (d) Protect workers, in particular those in vulnerable categories;
    - (e) Promote safety and health;
    - (f) Avoid use of forced labour or child labour.
  - 1.3 PS3: Resource efficiency and pollution prevention
    - (a) Avoid, minimize or reduce project-related pollution;
    - (b) More sustainable use of resources, including energy and water;
    - (c) Reduced project-related greenhouse gas emissions.
  - 1.4 PS4: Community health, safety and security
    - (a) To anticipate and avoid adverse impacts on the health and safety of the affected community;
    - (b) To safeguard personnel and property in accordance with relevant human rights principles.
  - 1.5 PS5: Land acquisition and involuntary resettlement
    - (a) Avoid/minimize adverse social and economic impacts from land acquisition or restrictions on land use:
      - (i) Avoid/minimize displacement;
      - (ii) Provide alternative project designs;
      - (iii) Avoid forced eviction.
    - (b) Improve or restore livelihoods and standards of living;
    - (c) Improve living conditions among displaced persons by providing:
      - (i) Adequate housing;
      - (ii) Security of tenure.
  - 1.6 PS6: Biodiversity conservation and sustainable management of living natural resources
    - (a) Protection and conservation of biodiversity;
    - (b) Maintenance of benefits from ecosystem services;
    - (c) Promotion of sustainable management of living natural resources;
    - (d) Integration of conservation needs and development priorities.
  - 1.7 PS7: Indigenous peoples
    - (a) Ensure full respect for indigenous peoples
      - (i) Human rights, dignity, aspirations;
      - (ii) Livelihoods;
      - (iii) Culture, knowledge, practices;
    - (b) Avoid/minimize adverse impacts;

- (c) Sustainable and culturally appropriate development benefits and opportunities;
- (d) Free, prior and informed consent in certain circumstances.

### 1.8 PS8: Cultural heritage

- (a) Protection and preservation of cultural heritage;
- (b) Promotion of equitable sharing of cultural heritage benefits.

2. The International Finance Corporation (IFC) PS can be viewed at:

[http://www.ifc.org/wps/wcm/connect/c8f524004a73daeca09afd998895a12/IFC\\_Performance\\_Standards.pdf?MOD=AJPERES](http://www.ifc.org/wps/wcm/connect/c8f524004a73daeca09afd998895a12/IFC_Performance_Standards.pdf?MOD=AJPERES).

## II. Performance Standard Guidance Notes

3. A set of eight Guidance Notes, corresponding to each PS, offers guidance on the requirements contained in the PS. In addition, the World Bank Group Environmental, Health and Safety (EHS) Guidelines are technical reference documents with general and industry- specific examples of good international practice and are linked to the PS through PS2 and PS3.

4. The Guidance Notes and EHS Guidelines can be found at:

[http://www.ifc.org/wps/wcm/connect/Topics\\_Ext\\_Content/IFC\\_External\\_Corporate\\_Site/IFC+Sustainability/Sustainability+Framework/Sustainability+Framework+2012/Performance+Standards+and+Guidance+Notes+2012/.](http://www.ifc.org/wps/wcm/connect/Topics_Ext_Content/IFC_External_Corporate_Site/IFC+Sustainability/Sustainability+Framework/Sustainability+Framework+2012/Performance+Standards+and+Guidance+Notes+2012/)

## Annex V: Terms of reference of the Fund's Accreditation Panel

### I. Role and mandate

1. The Accreditation Panel (the Panel) will be an independent technical panel of the Fund to advise the Board on matters relating to:

- (a) Independent technical advice to the Board on the results of the in-depth assessment and review of individual applications for accreditation;
- (b) Expertise in good-practice fiduciary principles and standards, financial intermediation functions, intermediation regulations and oversight;
- (c) Expertise in environmental and social safeguards, as well as in evaluating environmental and social management systems in order to ensure that applicant entities have the capacity to implement and oversee the Fund's interim and subsequent ESS;
- (d) Expertise in international and recognized good practices in accreditation procedures and systems;
- (e) Expert policy advice on developing countries' special circumstances, including sustainability and climate-related issues;
- (f) Members of the Panel will have a three-year term, with the possibility of renewal for a maximum of another consecutive term.

### II. Composition and quorum

3. The Panel will be composed of six senior expert members, ensuring balanced representation between developing and developed countries and appropriate range of expertise.

4. The Panel may also invite senior expert observer members, on an ad-hoc or regular basis, to participate at sessions where no confidential information will be discussed.

5. The Secretariat will participate ex-officio.

6. Quorum will consist of participation by at least four senior expert members.

#### 2.1 Chair and Vice-Chair

7. The Panel will appoint its Chair and Vice-Chair. In the event of absence or inability to participate in meetings of the Panel by the Chair, the Vice-Chair will automatically chair the meetings.

8. The mandate of the Chair and Vice-Chair will extend for one year.

#### 2.2 Senior expert members

9. The senior expert members of the Panel will be selected and appointed through a nomination by the Board members and alternates of the Panel and endorsement by the Board. The composition of the senior expert members should ensure availability in the Panel of the following core areas of competency:

- (a) Governance systems, financial management, audit and control framework;
- (b) Project management cycle and activity oversight;
- (c) Transparency, investigation and anti-fraud provisions;

- (d) Environmental and social safeguards and environmental and social management systems;
  - (e) Financial intermediation and/or financial sector supervision and oversight;
  - (f) Experience in working in/with developing countries.
10. Senior expert members will therefore demonstrate recognized capacity and expertise in their fields of competency, supported by a successful career track at senior and executive level. In addition to this, each senior expert member will be able to demonstrate unquestionable personal reputation, integrity and ethical behaviour throughout her or his professional trajectory.
11. Senior expert members may be appointed for a consecutive term.
- 2.3 Expert observer members
12. Expert observer members from specialized entities may be invited to participate in the non-confidential meetings or sessions of the Panel as deemed necessary in order to enhance the capacity of its work.
13. The Panel will issue an invitation to the expert observer member, or the institution s/he represents.
14. The Panel will agree, in consultation with the Secretariat, on the modalities for participation by expert observers. These modalities may be revised at any time to reflect the evolving needs of the Panel.

### III. Modalities of work

15. The Panel will operate as a senior and independent technical advisory body of the Fund, and will report and be accountable to the Board. The Panel will be bound by these terms of reference as well as by relevant policies and procedures, including a code of conduct, to be developed by the Panel and endorsed by the Board. The rules and procedures of the Board, as well as any other relevant guidelines to be adopted by the Board, will apply mutatis mutandis to the Panel.
16. Meetings of the Panel may be held with members being either physically or electronically present. The dates and modalities of meetings will be determined by the Panel taking into account criteria of efficiency and effectiveness.
17. The Chair of the Panel will define the agenda and calendar of meetings of the Panel.
18. The Panel may also develop rules and procedures, in addition to the above, that are necessary to enhance transparency and effectively guide the conduct of its meetings. The Panel will submit to the Board the additional agreed rules and procedures for endorsement.
19. In conducting the review of applications for accreditation, the Panel may decide to make use of additional external technical experts. The Panel will clearly allocate responsibilities for the external technical expert, which will be included in their mission plan.
20. The Panel, with support from the Secretariat, will maintain a roster of external technical experts and develop standard terms of reference for their work.

### IV. Compensation

21. Travel and accommodation costs, per diem payment and a daily fee will be paid to senior expert members attending a meeting of the Panel in accordance with the Fund's rules and regulations.
22. If a senior expert member of the Panel is requested to carry out a specific task between meetings, they will be compensated for the task undertaken by means of payment of daily fees, subject to the input being of good quality and delivered in good time. The daily fee will be determined in accordance with the Fund's rules and regulations. The number of days necessary to complete a task will be determined by the Chair of the Panel in consultation with the Secretariat.
23. Travel and accommodation costs, per diem payment and a daily fee will be paid to external technical experts in accordance with the Fund's rules and regulations and the external technical experts' terms of reference.
24. Expert observers will not receive any payment and will be supported in their participation in meetings entirely by the entities they represent or in their own capacity.

### V. Disclosure of conflict of interest

25. All members of the Panel should disclose any actual, potential or perceived conflict of interest in relation to any of the activities, discussions and recommendations of the Panel, which will be duly recorded.
26. Furthermore, at the time of appointment, all members of the Panel will sign the oath contained in the Appendix to these terms of reference.

### VI. Revision and termination of the terms of reference of the Panel

27. The Board may revise these terms of reference as necessary in order to incorporate lessons learned and to reflect the evolving needs of the accreditation process of the Fund.

28. The mandate and terms of reference of the Panel may be revised or terminated by the Board, if deemed necessary.

### Appendix: Oath to be taken by members of the Accreditation Panel

"I solemnly declare that I shall perform my duties as a member of the Accreditation Panel (the Panel) of the Green Climate Fund (the Fund), honourably, faithfully, impartially and conscientiously.

I further solemnly declare and promise that I shall disclose any financial interest or any other real or perceived conflict of interest in: the accreditation of subnational, national, regional and/or international intermediaries and IEs of the Fund; the consideration and provision of advice on best-practice fiduciary principles and standards and environmental and social safeguards; and, in general, in any other matter in connection with the fulfilment of the mandate of the Panel.

I shall refrain from participating in the consideration of accreditation applications or policy discussions where any financial interest or any other real or perceived conflict of interest may arise, or where any personal circumstance might be incompatible with the requirements of integrity and impartiality expected of a member of the Panel.

Subject to my responsibilities to the Panel, I shall not disclose, even after the termination of my functions, any confidential or proprietary information which is transferred to the Board, the Panel or the Secretariat, or any other confidential information coming to my knowledge by reason of my duties for the Panel."

Full name: \_\_\_\_\_

Date: \_\_\_\_\_

Signature: \_\_\_\_\_

### **\*DECISION B.05/08: Access modalities - Accreditation**

The Board, having considered document GCF/B.05/08 Business Model Framework: Access Modalities – Accreditation:

- (a) Notes convergence on the need to develop a guiding framework and procedures for the accreditation process of the Fund that enhances country ownership, accommodates different capacities and capabilities of countries, defines the Fund's own fiduciary principles and standards and environmental and social safeguards, and accredits entities in a transparent, objective and credible manner, in line with the Fund's objectives, results and guiding principles;
- (b) Acknowledges the best-practice fiduciary principles and standards referred to in Annex V and the environmental and social safeguards of the entities referred to in Annex VI to this document, as the basis for developing the Fund's own criteria and standards;
- (c) Takes note of the list of considerations and initial criteria to inform the elaboration of the Fund's criteria for accreditation of sub-national, national, regional and international intermediaries and implementing entities, as presented in Annex VII to this document, and as part of the development of the guiding framework for the Fund's accreditation process;
- (d) Requests a team of four Board members/alternate members to oversee the development of the guiding framework for the Fund's accreditation process by the Secretariat, which will also include four senior international experts to be nominated by the Executive Director, for consideration by the Board no later than at its second meeting in 2014. This will include overseeing the development by the Secretariat of:
  - (i) The Fund's own environmental and social safeguards and fiduciary principles and standards;
  - (ii) The criteria and application procedures for the accreditation of intermediaries and implementing entities of the Fund;
  - (iii) The most appropriate governance and organizational approach for the Fund's accreditation process, including an Independent Technical Advisory Function to conduct the accreditation process, taking into account Annex X and Annex XI to this document, and the terms of reference contained in Annex XI, as appropriate;

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- (iv) An assessment of the list of the institutions accredited by other funds, as contained in Annex VIII to this document, in light of the development of the guiding framework for the accreditation process of the Fund;
- (v) Additional modalities that further enhance direct access, including through funding entities, with a view to enhancing country ownership of projects and programmes, for consideration by the Board at its first meeting in 2014;
- (e) Decides that the following Board members will be part of the team referred to above: Mr. Arnaud Buisse, H.E. Mr. Jan Cedergren, Mr. Derek Gibbs and Mr. David Kaluba;
- (f) Requests the Secretariat to undertake all necessary actions to ensure that the work of the team and the development of the guiding framework for the Fund's accreditation process starts as soon as possible;
- (g) Approves the terms of reference of the senior international experts to be nominated by the Executive Director and to serve in the team, as contained in Annex IX to this document;
- (h) Further requests the Secretariat to initiate work on provisions for legal and formal arrangements with intermediaries and implementing entities, policies on fees and payments, and any other necessary elements to facilitate the prompt operationalization of the Fund's accreditation process and its access modalities, and report on its progress at the first meeting of the Board in 2014;
- (i) Also requests the Secretariat to initiate urgently work and activities to support readiness for accreditation in interested sub-national, national, regional and international intermediaries and implementing entities, in the context of the Fund's programme of work on readiness and preparatory support and as discussed in document GCF/B.05/14, and report on its progress at the first meeting of the Board in 2014.

### Annex V: List of acknowledged best-practice fiduciary principles and standards

Basic fiduciary criteria

Table 1: Key administrative and financial capacities

Fund/institution	Fiduciary principles and standards	Reference
GEF	<ul style="list-style-type: none"> <li>• External financial audit</li> <li>• Financial management and control frameworks</li> <li>• Financial disclosure</li> <li>• Code of ethics</li> <li>• Internal audit</li> </ul>	Global Environment Facility. 2007. Recommended Minimum Fiduciary Standards for GEF Implementing and Executing Agencies. (III.A. Audit, Financial Management and Control Framework). <sup>a</sup>
Adaptation Fund	<ul style="list-style-type: none"> <li>• Legal status</li> <li>• Financial statements including project accounts statement and the provisions for internal and external audits</li> <li>• Internal control framework with particular reference to control over disbursements and payments</li> <li>• Preparation of business plans and budgets and ability to monitor expenditure in line with budgets</li> </ul>	Adaptation Fund. 2010. Accreditation Application. (II. Financial Management and Integrity) <sup>b</sup>
EU DEVCO	<ul style="list-style-type: none"> <li>• Accounting standards</li> <li>• Audit standards</li> <li>• Internal control standards (internal control framework; internal audit standards)</li> <li>• Procurement standards</li> </ul>	Relevant provisions in: <ul style="list-style-type: none"> <li>• EU DEVCO. 2010. Questionnaire for the Assessment of Compliance with Criteria for Joint Management.<sup>c</sup></li> <li>• Annex 2 to terms of reference of an assessment concerning indirect centralized management; Questionnaire; version August 2010<sup>d</sup></li> </ul>

<sup>a</sup> <[http://www.thegef.org/gef/sites/thegef.org/files/documents/Recommended\\_Minimum\\_Fiduciary\\_Standard.pdf](http://www.thegef.org/gef/sites/thegef.org/files/documents/Recommended_Minimum_Fiduciary_Standard.pdf)>

<sup>b</sup> <<https://www.adaptation-fund.org/node/192>>

## Chapter II: Accreditation and Reaccreditation

c <[http://ec.europa.eu/europeaid/work/framework-contract/audit2010/documents/tor-compliance-  
assessments/anx2\\_joint\\_mgt\\_en.doc](http://ec.europa.eu/europeaid/work/framework-contract/audit2010/documents/tor-compliance-<br/>assessments/anx2_joint_mgt_en.doc)>

d Not publicly available but provided to the Interim Secretariat by EU DEVCO.

Table 2: Transparency and accountability

Fund/institution	Fiduciary principles and standards	Reference
GEF	<ul style="list-style-type: none"> <li>• Investigation function</li> <li>• Hotline and whistle-blower protection</li> </ul>	Global Environment Facility. 2007. Recommended Minimum Fiduciary Standards for GEF Implementing and Executing Agencies. (III.C. Investigations). <sup>a</sup>
Adaptation Fund	<ul style="list-style-type: none"> <li>• Policies and framework to deal with financial mismanagement and other forms of malpractices</li> </ul>	Adaptation Fund. 2010. Accreditation Application. (IV. Transparency, self-investigative powers, and anti- corruption measures). <sup>b</sup>
EU DEVCO	<ul style="list-style-type: none"> <li>• Accounting standards</li> <li>• Audit standards</li> <li>• Internal control standards (internal control framework; internal audit standards)</li> <li>• Procurement standards</li> <li>• Public access to information</li> </ul>	Relevant provisions in: <ul style="list-style-type: none"> <li>• EU DEVCO. 2010. Questionnaire for the Assessment of Compliance with Criteria for Joint Management.<sup>c</sup></li> <li>• Annex 2 to terms of reference for an assessment concerning indirect centralised management; Questionnaire; version August 2010.<sup>d</sup></li> </ul>

a [http://www.thegef.org/gef/sites/thegef.org/files/documents/Recommended\\_Minimum\\_Fiduciary\\_Standard.pdf](http://www.thegef.org/gef/sites/thegef.org/files/documents/Recommended_Minimum_Fiduciary_Standard.pdf).

b <https://www.adaptation-fund.org/node/192>.

c [http://ec.europa.eu/europeaid/work/framework-contract/audit2010/documents/tor-compliance-  
assessments/anx2\\_joint\\_mgt\\_en.doc](http://ec.europa.eu/europeaid/work/framework-contract/audit2010/documents/tor-compliance-<br/>assessments/anx2_joint_mgt_en.doc).

d Not publicly available but provided to the Interim Secretariat by EU DEVCO.

### Specialized fiduciary criteria

Table 3: Project/programme implementation

Fund/institution	Fiduciary principles and standards	Reference
GEF	<ul style="list-style-type: none"> <li>• Project appraisal standards</li> <li>• Procurement processes and guidelines</li> <li>• Monitoring and project-at-risk systems</li> <li>• Evaluation function</li> </ul>	Global Environment Facility. 2007. Recommended Minimum Fiduciary Standards for GEF Implementing and Executing Agencies. (III. B. Project/Activity Processes and Oversight). <sup>a</sup>
Adaptation Fund	<ul style="list-style-type: none"> <li>• Procurement</li> <li>• Project preparation and approval. This should include impact (environment, socio-economic, political, etc.) assessment study with risk assessment and mitigation plans</li> <li>• Project implementation planning and quality- at-entry review</li> <li>• Project monitoring and evaluation during implementation</li> <li>• Project closure and final evaluation</li> </ul>	Adaptation Fund. 2010. Accreditation Application. (III: Requisite institutional capacity). <sup>b</sup>

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Fund/institution	Fiduciary principles and standards	Reference
EU DEVCO	<ul style="list-style-type: none"> <li>• Accounting standards</li> <li>• Audit standards</li> <li>• Internal control standards (internal control framework; internal audit standards)</li> <li>• Procurement standards</li> <li>• Public access to information</li> </ul>	Relevant provisions in: <ul style="list-style-type: none"> <li>• EU DEVCO. 2010. Questionnaire for the Assessment of Compliance with Criteria for Joint Management.<sup>c</sup></li> <li>• Annex 2 to terms of reference for an assessment concerning indirect centralised management; Questionnaire; version August 2010.<sup>d</sup></li> </ul>

<sup>a</sup> <[http://www.thegef.org/gef/sites/thegef.org/files/documents/Recommended\\_Minimum\\_Fiduciary\\_Standard.pdf](http://www.thegef.org/gef/sites/thegef.org/files/documents/Recommended_Minimum_Fiduciary_Standard.pdf)>

<sup>b</sup> <<https://www.adaptation-fund.org/node/192>>

<sup>c</sup> <[http://ec.europa.eu/europeaid/work/framework-contract/audit2010/documents/tor-compliance-assesments/anx2\\_joint\\_mgt\\_en.doc](http://ec.europa.eu/europeaid/work/framework-contract/audit2010/documents/tor-compliance-assesments/anx2_joint_mgt_en.doc)>

<sup>d</sup> Not publicly available but provided to the Interim Secretariat by EU DEVCO.

Table 4: Funding mechanisms and systems (in the case of funding entities)

Fund/institution	Fiduciary principles and standards	Reference
EU DEVCO	<ul style="list-style-type: none"> <li>• Grant award procedures</li> <li>• Transparent allocation of financial resources (including trust fund management functions)</li> </ul>	Relevant provisions in: <ul style="list-style-type: none"> <li>• EU DEVCO. 2010. Questionnaire for the Assessment of Compliance with Criteria for Joint Management.<sup>a</sup></li> <li>• Annex 2 to terms of reference for an assessment concerning indirect centralised management; Questionnaire; version August 2010.<sup>b</sup></li> </ul>

<sup>a</sup> <[http://ec.europa.eu/europeaid/work/framework-contract/audit2010/documents/tor-compliance-assesments/anx2\\_joint\\_mgt\\_en.doc](http://ec.europa.eu/europeaid/work/framework-contract/audit2010/documents/tor-compliance-assesments/anx2_joint_mgt_en.doc)>

<sup>b</sup> Not publicly available but provided to the Interim Secretariat by EU DEVCO.

Table 5: Financial intermediation, blending and structuring

Fund/institution	Fiduciary principles and standards	Reference
EU DEVCO	<ul style="list-style-type: none"> <li>• Grant award procedures</li> <li>• Track record in reimbursable lending activities</li> <li>• Transparent allocation of financial resources (including trust fund management functions)</li> </ul>	Relevant provisions in: <ul style="list-style-type: none"> <li>• EU DEVCO. 2010. Questionnaire for the Assessment of Compliance with Criteria for Joint Management.<sup>a</sup></li> <li>• Annex 2 to terms of reference for an assessment concerning indirect centralised management; Questionnaire; version August 2010.<sup>b</sup></li> </ul>

<sup>a</sup> <[http://ec.europa.eu/europeaid/work/framework-contract/audit2010/documents/tor-compliance-assesments/anx2\\_joint\\_mgt\\_en.doc](http://ec.europa.eu/europeaid/work/framework-contract/audit2010/documents/tor-compliance-assesments/anx2_joint_mgt_en.doc)>

<sup>b</sup> Not publicly available but provided to the Interim Secretariat by EU DEVCO.

Table 6: Readiness and preparatory support

Fund/institution	Fiduciary principles and standards	Reference
GEF	<ul style="list-style-type: none"> <li>• Relevance in relation to objectives and guiding principles of the Fund</li> <li>• Networks and contacts</li> </ul>	Global Environment Facility. 2011. Procedure: Accreditation of GEF Project Agencies. (Annex I. Value-added review criteria; Core value-added review criteria; 1. Relevance; 6. Networks and contacts). <sup>a</sup>

<sup>a</sup> <<http://www.thegef.org/gef/content/procedure-accreditation-gef-project-agencies>>

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### Annex VI: List of entities with acknowledged environmental and social safeguards

Entity	Relevant environmental and social safeguards	Reference
World Bank	Social Safeguards and Policies	< <a href="http://go.worldbank.org/WTA10DE7T0">http://go.worldbank.org/WTA10DE7T0</a> >
International Finance Corporation	Performance Standards and Guidance Notes – 2012 Edition	< <a href="http://www.ifc.org/wps/wcm/connect/Topics_Ext_Content/IFC_External_Corporate_Site/IFC+Sustainability/Sustainability+Framework/Sustainability+Framework+-+2012/Performance+Standards+and+Guidance+Notes+2012/">http://www.ifc.org/wps/wcm/connect/Topics_Ext_Content/IFC_External_Corporate_Site/IFC+Sustainability/Sustainability+Framework/Sustainability+Framework+-+2012/Performance+Standards+and+Guidance+Notes+2012/</a> >
Global Environment Facility	GEF Policy on Agency Minimum Standards on Environmental and Social Safeguards (GEF/C.41/10/Rev.1)	< <a href="http://www.thegef.org/gef/content/gef-policy-agency-minimum-standards-environmental-and-social-safeguards-standards">http://www.thegef.org/gef/content/gef-policy-agency-minimum-standards-environmental-and-social-safeguards-standards</a> >
Global Environment Facility	GEF Policy on Gender Mainstreaming (GEF/PL/SD/02)	< <a href="http://www.thegef.org/gef/policy/gender">http://www.thegef.org/gef/policy/gender</a> >
Forest Carbon Partnership Facility	Common Approach to Environmental and Social Safeguards	< <a href="http://www.forestcarbonpartnership.org/common-approach-environmental-and-social-social-safeguards">http://www.forestcarbonpartnership.org/common-approach-environmental-and-social-social-safeguards</a> >
United Nations Framework Convention on Climate Change: The Cancun Agreements: Outcome of the Work of the Ad Hoc Working Group on Long-term Cooperative Action under the Convention	Decision 1/CP.16, Appendix I, paragraph 2. FCCC/CP/2010/7/Add.1.	< <a href="http://unfccc.int/resource/docs/2010/cop16/eng/07a01.pdf#page=2">http://unfccc.int/resource/docs/2010/cop16/eng/07a01.pdf#page=2</a> >

### Annex VII: List of considerations and initial criteria to inform the development of the Fund's own criteria for the accreditation of intermediaries and implementing entities

#### **I. Issues to consider**

1. Do the basic fiduciary criteria discussed above satisfy the best-practice standards required to achieve the Fund's objectives and guiding principles?
2. What additional specialized fiduciary criteria are needed for a consistent, thorough and reliable accreditation of implementing entities, intermediaries and funding entities?
3. What should be the definitions of implementing entities, intermediaries and funding entities and what are the minimum key institutional capacities expected in each of them?
4. What other additional elements should be considered to determine readiness and appropriate institutional capacity, by implementing entities, intermediaries and funding entities, to effectively contribute to the Fund's overarching objectives and guiding principles?
5. Would differentiated accreditation processes for certain activities, according to defined criteria, be appropriate?
6. What are the relevant environmental and social safeguards directly related to the Fund's objectives and guiding principles?
7. What are the best-practice examples and lessons learned in the application of environmental and social safeguards to funding proposals?

#### **II. Additional criteria to enhance transparency, effectiveness and efficiency**

8. Additional criteria to enhance transparency may be aimed at enhancing country ownership in the context of different capacities and capabilities of countries, and may be applied at an appropriate stage of the accreditation process to enhance effectiveness and efficiency.

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9. The following criteria, some of which are based on the GEF criteria, may be considered for sub-national, national and regional implementing entities, intermediaries and funding entities:
- (a) No-objection – the application for accreditation has been communicated by the relevant NDA or focal point;
  - (b) Legal status – the applicant entity has full legal capacity to become an accredited entity of the Fund;
  - (c) The degree to which an applicant’s mission and/or areas of work overlap with the Fund’s mission, its focal areas and other relevant areas;
  - (d) Demonstration of environmental or climate change adaptation results (whether the applicant has a track record of achieving clear, positive environmental benefits in its areas of engagement relevant to the Fund);
  - (e) Whether the applicant is likely to have the capability to implement or execute a project at the level of a funding proposal presented at the time of application;
  - (f) Whether the applicant has the capacity to leverage co-financing for projects at a meaningful level in the context of the Fund;
  - (g) How efficiently the institution converts inputs into outputs; and
  - (h) Whether the applicant has at its disposal, networks of collaborators and experts at the regional and national level.
10. Additional criteria that may also be considered could include those used by the GEF, which refer to: project experience, type of project, enhancement of country ownership and, in the case of nongovernmental or regional organizations, previous execution of a GEF project.
11. The following criteria may also be considered, among others, for all intermediaries, funding entities and implementing entities seeking accreditation with the Fund:
- (a) Readiness – experience in the intended field of activities;
  - (b) Institutional presence and potential for meaningful impact;
  - (c) Overall institutional and legal context; and
  - (d) General institutional preparedness.
12. These criteria will be continuously monitored in order to reflect the evolving nature of the Fund’s requirements and to reflect lessons learned.

### Annex VIII: Existing intermediaries and implementing entities accredited by other relevant funds

#### **I. Global Environment Facility**

Table 1: GEF agencies and project agencies

GEF agencies:	Acronym
African Development Bank	AfDB
Asian Development Bank	ADB
Inter-American Development Bank	IDB
International Fund for Agricultural Development	IFAD
United Nations Development Programme	UNDP
United Nations Environment Programme	UNEP
World Bank (International Bank for Reconstruction and Development)	IBRD
Food and Agriculture Organization of the United Nations	FAO
United Nations Industrial Development Organization	UNIDO
European Bank for Reconstruction and Development	EBRD
GEF project agencies with conditional accreditation:	
Development Bank of Southern Africa	DBSA
World Wildlife Fund, Inc.	WWF-US
Conservation International	CI

1. The GEF secretariat updated the GEF Council on agency progress on meeting GEF's Minimum Fiduciary Standard.<sup>1</sup> Four agencies had outstanding issues in order to fully comply with the GEF Fiduciary Standards: FAO, UNDP, UNEP and UNIDO. The GEF secretariat informed the GEF Council that, based on evidence presented, UNDP complied with all fiduciary standards. The other three GEF agencies (FAO, UNEP and UNIDO) continue to make progress towards meeting the fiduciary standards according to their action plans, but no publicly available information can confirm if that process has been completed.

2. In the case of DBSA, WWF-US and CI, the three entities received conditional accreditation. According to paragraph 48 of the GEF Council document GEF/C.41/10/Rev.1, the GEF Accreditation Panel may give conditional approval to an applicant agency that has demonstrated full compliance with the GEF's minimum fiduciary standards, but does not yet fully comply with the GEF's environmental and social safeguards, including gender mainstreaming. These three entities have a grace period of up to one year to complete the necessary steps to fully adhere to the GEF's safeguards.

### II. Adaptation Fund

Table 2: Adaptation Fund – Multilateral implementing entities

Name	Acronym
African Development Bank <sup>a</sup>	AfDB
Asian Development Bank	ADB
Inter-American Development Bank	IDB
International Fund for Agricultural Development	IFAD
United Nations Development Programme	UNDP
United Nations Environment Programme	UNEP
World Bank (International Bank for Reconstruction and Development)	IBRD
United Nations World Food Programme	WFP
World Meteorological Organization	WMO
United Nations Educational, Scientific and Cultural Organization	UNESCO

<sup>a</sup> AfDB was accredited by the Adaptation Fund Board, subject to conditions. It is not clear if these conditions have already been met to the satisfaction of the Adaptation Fund Board.

Table 3: Adaptation Fund – Regional implementing entities

Name	Acronym	Country
West African Development Bank <sup>a</sup>	BOAD	Togo
Sahara and Sahel Observatory	OSS	Tunisia

<sup>a</sup> BOAD was accredited by the Adaptation Fund Board subject to conditions. It is not clear if these conditions have already been met to the satisfaction of the Adaptation Fund Board.

Table 4: Adaptation Fund – National implementing entities

Name	Acronym	Country
Planning Institute of Jamaica	PIJ	Jamaica
Centre de Suivi Ecologique <sup>a</sup>	CSE	Senegal
Agencia Nacional de Investigación e Innovación	ANII	Uruguay
National Environment Fund <sup>b</sup>	NEF	Benin
South African National Biodiversity Institute	SANBI	South Africa
Protected Areas Conservation Trust <sup>c</sup>	PACT	Belize
Ministry of Planning and International Cooperation <sup>d</sup>	MPIC	Jordan
Ministry of Natural Resources <sup>e</sup>	MINIRENA	Rwanda
National Environment Management Authority	NEMA	Kenya
Mexican Institute of Water Technology	IMTA	Mexico
Unidad para el Cambio Rural	UCAR	Argentina
National Bank for Agriculture and Rural Development	NABARD	India
Fundecooperación Para el Desarrollo Sostenible	Fundecooperación	Costa Rica

<sup>1</sup> GEF. 2012. Agency Progress on Meeting the GEF Fiduciary Standards. GEF/C.42/Inf.11. Available at <[http://www.thegef.org/gef/council\\_document/agency-progress-meeting-gef-fiduciary-standards](http://www.thegef.org/gef/council_document/agency-progress-meeting-gef-fiduciary-standards)>.

Name	Acronym	Country
Agency for Agricultural Development	ADA	Morocco
Agencia de Cooperación Internacional de Chile	AGCI	Chile

<sup>a</sup> CSE was required to submit more frequent reporting, but the condition did not question substantial institutional capacities.

<sup>b</sup> NEF was accredited by the Adaptation Fund Board subject to conditions. It is not clear whether these conditions have already been met to the satisfaction of the Adaptation Fund Board.

<sup>c</sup> PACT was accredited by the Adaptation Fund Board subject to conditions. It is not clear whether these conditions have already been met to the satisfaction of the Adaptation Fund Board.

<sup>d</sup> MPIC was accredited by the Adaptation Fund Board subject to conditions. It is not clear whether these conditions have already been met to the satisfaction of the Adaptation Fund Board.

<sup>e</sup> MINIRENA was required to submit more frequent reporting, but the condition did not question substantial institutional capacities.

### III. EU DEVCO

3. EU DEVCO provided the interim Secretariat with a list of entities that have been subject to the “six-pillar” assessment under its “Indirect Centralized Management” modality. However, EU DEVCO indicated that such information is subject to change, so publication on an external website is not desirable. Furthermore, information on the entities that successfully completed the assessment is confidential.

### Annex IX: Terms of reference of senior international experts to serve in the Board team for the development of the guiding framework for the Fund’s accreditation process

#### I. Role and mandate

1. The senior international experts will provide expert advice to the Board team and Secretariat in the development of the guiding framework for the Fund’s accreditation process on the following matters:

- (a) The Fund’s own environmental and social safeguards and fiduciary principles and standards;
- (b) The criteria and application procedures for the accreditation of intermediaries and implementing entities of the Fund;
- (c) The most appropriate governance and organizational approach for the Fund’s accreditation process, including a recommendation on an Independent Technical Advisory Function to assist the Secretariat in the accreditation process, taking into account Annex X and Annex XI to this document, and terms of reference, contained in Annex XI, as appropriate;
- (d) An assessment of the list of institutions accredited to other funds, as contained in Annex VIII to this document, in light of the guiding framework for the Fund’s accreditation process;
- (e) Additional modalities that further enhance direct access, including through funding entities, with a view to enhancing country ownership of projects and programmes, for consideration by the Board at its first meeting in 2014;
- (f) Other expert support activities relevant to the context of this mandate.

#### II. Selection and nomination

2. The senior international experts will be nominated by the Executive Director through an open call for expressions of interest, and a transparent and competitive selection process.

3. The senior international experts will bring proven competencies and senior expertise, in particular in the following fields:

- (a) Governance systems, financial management, audit and control framework;
- (b) Project management cycle and activity oversight;
- (c) Transparency, investigation and anti-fraud provisions;
- (d) Financial intermediation and/or financial sector supervision and oversight;
- (e) Environmental and social safeguards.

#### III. Modalities of work

4. The senior international experts will report and be accountable to the Executive Director and work in collaboration with the team of four Board members/alternate members who will oversee the development of the Guiding framework for the Fund’s accreditation process by the Secretariat and Secretariat staff.

5. The Secretariat will determine the most appropriate modalities of work, including the possibility of arranging meetings of experts, which may be held with members being either physically or electronically present.

6. The senior international experts will be bound by these terms of reference as well as by other relevant policies of the Fund, which will apply mutatis mutandis throughout the duration of their mandate.

#### **IV. Compensation**

7. Travel costs, daily subsistence allowance and a daily fee will be paid to senior expert members attending meetings of the team in accordance with the Fund's rules and regulations.

8. Senior international experts will also be entitled to remuneration for specific tasks to be requested by the team or the Secretariat by means of payment of daily fees, subject to the input being of good quality and delivered in time. The daily fee will be determined in accordance with the Fund's rules and regulations. The number of days necessary to complete a task will be determined by the Secretariat in consultation with the expert concerned.

9. Provisions on damages, compensation and liabilities will be applied in accordance with the Fund's rules and regulations.

#### **V. Disclosure of conflict of interest**

10. All senior international experts serving in the team will disclose any actual, potential or perceived conflict of interest in relation to any of the activities, discussions and recommendations resulting from the exercise of their function. These will be disclosed to the team and the Secretariat appropriately and in a timely manner.

#### **VI. Revision and termination of the terms of reference of senior experts**

11. The mandate and terms of reference of senior experts will terminate upon conclusion of the task and no later than the conclusion of the second Board meeting in 2014.

### Annex X: Guiding framework for the Fund's accreditation process

#### **I. Background**

1. The Fund's accreditation process will be fundamental in ensuring that all sub-national, national, regional and international intermediaries and implementing entities working with the Fund meet all its required best-practice fiduciary principles and standards and environmental and social safeguards, and that these entities are fully aligned with the Fund's objectives and guiding principles.

#### **II. Guiding principles for the accreditation process**

2. The guiding principles for the accreditation process aim to ensure that:

- (a) The Fund's fiduciary principles and standards and environmental and social safeguards are consistently in line with international best-practices and standards, and systematically endeavour to reflect the best of the experience and lessons learned by relevant institutions;
- (b) Its governance system, procedures and organizational approach ensure accountability, transparency, fairness and adequate professionalism in the accreditation process; and
- (c) Its modalities pursue rigorous, objective and systematic assessment and review processes while giving due attention to special circumstances of applicant entities, particularly in the context of the direct access modality.

#### **III. Fund's fiduciary principles and standards**

3. The Fund's fiduciary principles and standards may distinguish between basic fiduciary criteria and specialized fiduciary criteria, which will reflect the institutional capacities necessary to deliver against the Funds objectives.

##### **3.1 Basic fiduciary criteria**

4. The Fund's basic fiduciary criteria refer to the basic institutional capacities that intermediaries, funding entities and implementing entities will meet in relation to:

- (a) Key administrative and financial capacities; and
- (b) Transparency and accountability.

##### **3.2 Specialized fiduciary criteria**

5. The Fund's specialized fiduciary criteria refer to the basic institutional capacities that intermediaries, funding entities and implementing entities will meet in relation to:

- (a) Project/programme implementation;
- (b) Funding mechanisms and systems;
- (c) Financial intermediation, blending and structuring; and
- (d) Readiness and preparatory support.

### IV. Fund's environmental and social safeguards

6. The Fund's environmental and social safeguards will refer to a set of criteria addressing key environmental and social risks in the implementation of funding activities to be funded by the Fund.

7. These will consider, inter alia:

- (a) Environmental assessment;
- (b) Natural habitats;
- (c) Pest management;
- (d) Indigenous peoples;
- (e) Physical cultural resources;
- (f) Involuntary resettlement;
- (g) Forests;
- (h) Safety of dams;
- (i) Projects in international waterways;
- (j) Projects in disputed areas; and
- (k) Gender mainstreaming.

### V. Additional criteria to enhance transparency, effectiveness and efficiency

8. Additional criteria to enhance transparency, effectiveness and efficiency will be aimed at enhancing country-ownership in the context of different capacities and capabilities of countries.

9. The following criteria will be considered, among others, including the GEF value-added criteria, for sub-national, national and regional implementing entities, intermediaries and funding entities:

- (a) No-objection – the application for accreditation has been communicated by the relevant NDA or focal point;
- (b) Legal status – the applicant entity has full legal capacity to become an accredited entity of the Fund.

10. The following criteria will be considered, among others, for all entities seeking accreditation with the Fund:

- (a) Readiness – experience in the intended field of activities;
- (b) Institutional presence and potential for meaningful impact;
- (c) Overall institutional and legal context; and
- (d) General institutional preparedness.

11. These criteria will be continuously monitored in order to reflect the evolving nature of the Fund's requirements and to reflect lessons learned.

### VI. Governance

12. The accreditation process will include and be conducted, implemented and supported by the following actors:

- (a) The Board;
- (b) The Secretariat;
- (c) The Independent Technical Advisory Function of the Secretariat;
- (d) External technical experts; and
- (e) Assessment and review teams.

#### 6.1 Role and mandate of the Board

13. As defined by the Governing Instrument, the Board will develop, manage and oversee an accreditation process for all implementing entities based on specific accreditation criteria that reflect the Fund's fiduciary principles and standards and environmental and social safeguards. The Board will therefore be the ultimate decision-making body on accreditation and overall policy guidance on accreditation matters, and will oversee the accreditation process as per the accreditation framework set forth in document GCF/B.05/08.

#### 6.2 Role and mandate of the Secretariat

14. The Secretariat will play a pivotal role in supporting the accreditation procedures and processes, under the overall guidance of the Board and expert advice of the Independent Technical Advisory Function. The Secretariat will be responsible for the following core functions:

- (a) Development and elaboration of criteria for accreditation of sub-national, national, regional and international intermediaries and implementing entities of the Fund;
- (b) Operationalization of the accreditation procedures of the Fund based on the best- practice fiduciary principles and standards and environmental and social safeguards of the Fund, and execution of all necessary and related activities, including the implementation, management and maintenance of supporting systems;
- (c) Overall responsibility, in consultation with the Independent Technical Advisory Function as deemed necessary, for the full design, implementation and execution of assessment and review processes for the operationalization of the accreditation
- (d) procedures, including the organization of assessment and review teams and engagement of external technical experts;
- (e) Presentation of the outcomes of the assessment and review processes to the Independent Technical Advisory Function for expert endorsement;
- (f) Setting up and managing the teams in charge of the assessment and review of individual applications for accreditation;
- (g) All administrative and logistical arrangements, as well as operational support, for the meetings of the Independent Technical Advisory Function; and
- (h) Implementation, operation and execution of any other functions and/or activities necessary to effectively carry out its responsibilities in the accreditation process.

15. Staff members supporting the accreditation-related functions in the Secretariat will possess necessary competency and professionalism to ensure that all responsibilities listed above are properly fulfilled. The Secretariat will provide for dedicated expertise to support the accreditation process.

### 6.3 External technical experts

16. External technical experts will be engaged by the Secretariat in the assessment and review of individual applications for accreditation. Independent and recognized professionals or specialized consultancy firms will need to demonstrate experience and expertise in relevant areas in order to qualify as external technical experts.

17. The Secretariat will be responsible for setting up and managing a roster of external technical experts through an open, competitive and transparent selection process, which should strive to ensure availability of relevant competencies and achieve gender and regional balance where possible.

18. The Secretariat will periodically review the roster of external technical experts in consultation with the Independent Technical Advisory Function, as deemed necessary.

19. External technical experts will be compensated in accordance with relevant administrative provisions for contracting external technical support. Consequently, external technical experts will be bound by standard contractual regulations relating to the provision of consultancy services to the Fund.

### 6.4 Assessment and review teams

20. In order to ensure sound technical expertise, the Secretariat will constitute teams to perform the assessment and review of individual applications for accreditation.

21. Each assessment and review team will be composed of one senior staff member, one professional staff member, one or more external independent experts taken from the roster of external technical experts, and one team assistant. The Secretariat may assign additional professional staff members with relevant expertise from different units within the Secretariat should the Executive Director so decide.

22. The Secretariat will develop and institute standard terms of reference to guide the work of the assessment and review teams, bearing in mind that the team will be responsible for undertaking the in-depth review of all fiduciary standards and environmental and social safeguards of the applicant entity against the Fund's best-practice fiduciary principles and standards and environmental and social safeguards.

23. The Secretariat will be responsible for elaborating the conclusions, recommendations and report of the assessment and review teams on each application for accreditation, and seek expert advice and endorsement, as deemed necessary, from the Independent Technical Advisory Function.

24. Assessment and review teams will be ad-hoc and set up only for the conduct of the assessment and review of a specific application for accreditation. Therefore, termination of each assessment and review team will occur automatically on conclusion of the assessment and review process.

25. Assessment and review teams will be able to consult on a regular basis, or as needed, with the Independent Technical Advisory Function throughout the assessment and review cycle.

### 6.5 Role and mandate of the Independent Technical Advisory Function

26. The Independent Technical Advisory Function will function as an independent senior expert advisory body of the Secretariat. The scope of its advice will include, inter alia, matters relating to: fiduciary principles and standards and environmental and social safeguards; international and recognized best-practices in accreditation procedures and systems; preparatory support in relation to accreditation with the Fund; and outcomes of in-depth assessment and review of individual applications for accreditation.

### VII. Accreditation cycle

27. The accreditation cycle will provide the general context for the detailed definition of the accreditation process. The accreditation process therefore will outline, in a coherent, correlative and sequential manner, the steps, actions and actors that will be followed and included throughout the accreditation cycle.

28. The Secretariat will be responsible, under the overall guidance of the Board, for operationalizing and ensuring appropriate implementation of the accreditation cycle and process.

29. In line with the guiding principles set forth under this framework, the accreditation process will broadly be based on a three-stage cycle, each one intending to address the core elements as follows:

#### 7.1 Stage 1: No-objection and readiness

30. Stage 1 will focus on ensuring country ownership, validating the legal capacity of the applicant entity and assessing its readiness in relation to the Fund's overarching objectives and guiding principles.

#### 7.2 Stage 2: Assessment and review process

31. Stage 2 of the accreditation procedure will contain all necessary provisions to identify the different steps, requirements, actions, inputs and outputs for the in-depth assessment and review of an application for accreditation against the Fund's best-practice fiduciary principles and standards and environmental and social safeguards.

#### 7.3 Stage 3: Final validation and arrangements

32. Stage 3 will conclude the process through the validation and finalization of formal arrangements between the applicant entity and the Fund upon successful completion of Stage 2. This will include validation and registration of payment instructions, conclusion of a memorandum of understanding, and other formal arrangements that may be needed between the applicant entity, the Secretariat and the Trustee.

### VIII. Revision of the accreditation framework

33. The accreditation framework will be an evolving process intending to ensure continuous improvement and alignment with international best-practices.

34. The Secretariat will be responsible for proposing to the Board any necessary revision of this framework at any time.

## Annex XI: Terms of reference of the Independent Technical Advisory Function of the Secretariat

### I. Role and mandate

1. As set out in the guiding framework for the Fund's accreditation process, the Independent Technical Advisory Function will be an independent senior expert advisory body of the Secretariat on the matters relating to:

- (a) Expert policy advice on best-practice fiduciary principles and standards and environmental and social safeguards;
- (b) Expert advice on international and recognized best-practices in accreditation procedures and systems;
- (c) Expert policy advice on readiness and preparatory support in relation to accreditation with the Fund;
- (d) Expert policy advice on developing countries' special circumstances;
- (e) Independent technical advice on the results of the in-depth assessment and review of individual applications for accreditation; and
- (f) Expert advice on matters of interpretation, complaints and appeal.

### II. Composition

2. The Independent Technical Advisory Function will be composed of at least four senior expert members, and may also include expert observer members.

#### 2.1 Chair

3. The Executive Director will function as the Chair of the Independent Technical Advisory Function. In the event of absence or inability to participate in meetings of the Independent Technical Advisory Function, the Executive Director may nominate a senior Secretariat staff member to replace her or him.

### 2.2 Senior expert members

4. The senior expert members of the Independent Technical Advisory Function will be selected and appointed by the Executive Director, through an open, competitive and transparent selection process. The composition of the senior expert members should ensure availability in the Independent Technical Advisory Function of at least the following core areas of competency:

- (a) Governance systems, financial management, audit and control framework;
- (b) Project management cycle and activity oversight;
- (c) Transparency, investigation and anti-fraud provisions;
- (d) Financial intermediation and/or financial sector supervision and oversight; and
- (e) Environmental and social safeguards.

5. Senior expert members will therefore demonstrate recognized capacity and expertise in their fields of competency, supported by a successful career track at senior and executive level. In addition to this, each senior expert member will be able to demonstrate unquestionable personal reputation, integrity and ethical behaviour throughout his or her professional trajectory.

6. Senior expert members may be appointed for a consecutive term upon approval by the Executive Director.

### 2.3 Expert observer members

7. Expert observer members from specialized entities may be invited to participate in the Independent Technical Advisory Function to enhance the capacity and transparency of its work.

8. The Executive Director, upon recommendation by the Independent Technical Advisory Function, will issue an invitation to the expert observer member, or the institution he or she represents. Due to the confidential nature of information relating to individual applications for accreditation, participation by expert observer members will be limited to policy deliberations, unless requested otherwise by the Independent Technical Advisory Function in consultation with the Secretariat.

9. The Independent Technical Advisory Function will agree, in consultation with the Secretariat, on the modalities for participation by expert observers. These modalities may be revised at any time to reflect the evolving needs of the Independent Technical Advisory Function.

10. Participation as expert observers may be revoked by the Executive Director at any time. In such cases, the Secretariat will inform the individual concerned, as well as the entity he or she represents. Revocation of participation in the Independent Technical Advisory Function as expert observer will not be subject to appeal.

## III. Modalities of work

11. The Independent Technical Advisory Function will operate as a senior and independent technical advisory body of the Secretariat, and work under the direction of the Executive Director. The Independent Technical Advisory Function will be bound by these terms of reference as well as by relevant policies, including a code of conduct, to be developed and adopted by the Board. Any other relevant guidelines to be adopted by the Board will apply *mutatis mutandis* to the Independent Technical Advisory Function.

12. Meetings of the Independent Technical Advisory Function may be held with members being either physically or electronically present. The dates and modalities of meetings will be determined by the Executive Director, in her or his role as Chair of the Independent Technical Advisory Function, taking into account criteria of efficiency and effectiveness.

13. The Executive Director will define the agenda and calendar of meetings of the Independent Technical Advisory Function. The Secretariat will provide all necessary administrative and logistical arrangements to support the meetings.

14. The Independent Technical Advisory Function may also develop rules and procedures, in addition to the above, that are necessary to enhance transparency and effectively guide the conduct of its meetings. The Executive Director will submit to the Board the additional agreed rules and procedures for endorsement.

## IV. Compensation

15. Travel and accommodation costs, Per Diem Payment and a daily fee will be paid to senior expert members attending a meeting of the Independent Technical Advisory Function in accordance with the Fund's rules and regulations.

16. If a senior expert member of the Independent Technical Advisory Function is requested to carry out a specific task between meetings, they will be compensated for the task undertaken by means of payment of daily fees, subject to the input being of good quality and delivered in good time. The daily fee will be determined in accordance with the Fund's rules and regulations. The number of days necessary to complete a task will be determined by the Secretariat.

17. Expert observer members will not receive any payment and will be supported in their participation in meetings entirely by the entities they represent. The Fund will have no liability in connection to the invitation for participation by the expert observer in the meetings and any consequent participation by the expert observer, nor will the Fund be liable for any damages or claims by expert observers in connection to any activity relating to the work of the Independent Technical Advisory Function.

**V. Disclosure of conflict of interest**

18. All members of the Independent Technical Advisory Function should disclose any actual, potential or perceived conflict of interest in relation to any of the activities, discussions and recommendations of the Independent Technical Advisory Function. These will be recorded and communicated appropriately to the Secretariat.

19. Furthermore, at the time of appointment, all members of the Independent Technical Advisory Function will sign the oath contained in the Appendix to these terms of reference.

**VI. Revision and termination of the terms of reference of the Independent Technical Advisory Function**

20. The Executive Director may revise these terms of reference as necessary in order to incorporate lessons learned and to reflect the evolving needs of the accreditation process of the Fund.

21. The mandate and terms of reference of the Independent Technical Advisory Function may be revised or terminated by the Executive Director, if deemed necessary.

**Appendix: Oath to be taken by members of the Independent Technical Advisory Function**

“I solemnly declare that I shall perform my duties as a member of the Independent Technical Advisory Function, honourably, faithfully, impartially and conscientiously.

I further solemnly declare and promise that I shall disclose any financial interest or any other real or perceived conflict of interest in: accreditation of sub-national, national, regional and/or international intermediaries and implementing entities of the Fund; consideration and advice on best-practice fiduciary principles and standards and environmental and social safeguards; and, in general, in any other matter in connection with the fulfilment of the mandate of the Independent Technical Advisory Function.

I shall refrain from participating in the consideration of accreditation applications or policy discussions where any financial interest or any other real or perceived conflict of interest may arise, or where any personal circumstance might be incompatible with the requirements of integrity and impartiality expected of a member of the Independent Technical Advisory Function,

Subject to my responsibilities to the Independent Technical Advisory Function, I shall not disclose, even after the termination of my functions, any confidential or proprietary information which is transferred to the Board or the Secretariat, or any other confidential information coming to my knowledge by reason of my duties for the Independent Technical Advisory Function.”

Full name: \_\_\_\_\_

Date: \_\_\_\_\_

Signature: \_\_\_\_\_

**FAST TRACK ACCREDITATION PROGRAMME**

**DECISION B.19/14: Eligibility of specific entities to apply under the fast track accreditation process**

The Board, having considered document GCF/B.19/14/Rev.01 titled “Status of accreditation matters”:

- (a) Takes note that, pursuant to decision B.08/03, paragraph (k), 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 XV; and
- (b) Decides that those entities referred to in annex XV are also eligible to apply under the fast-track accreditation process for the standards of GCF in accordance with decision B.08/03, paragraph (f), for entities accredited by the Adaptation Fund, and decision B.08/03, paragraph (g), for entities under the Directorate-General for International Cooperation and Development of the European Commission.

(Note: Annex XV mentioned in Decision B.19/14 can be found at the following link:

[https://www.greenclimate.fund/documents/20182/953917/GCF\\_B.19\\_43\\_-\\_Decisions\\_of\\_the\\_Board\\_nineteenth\\_meeting\\_of\\_the\\_Board\\_26\\_February\\_1\\_March\\_2018.pdf/350a95f3-c122-512b-e8c1-bfd1629fa60c](https://www.greenclimate.fund/documents/20182/953917/GCF_B.19_43_-_Decisions_of_the_Board_nineteenth_meeting_of_the_Board_26_February_1_March_2018.pdf/350a95f3-c122-512b-e8c1-bfd1629fa60c))

### **\*DECISION B.08/03: Fast track Accreditation Programme**

The Board, having reviewed document GCF/B.08/03 Assessment of Institutions Accredited by Other Relevant Funds and Their Potential for Fast-track Accreditation:

- (a) Recalls that all entities, including subnational, national, regional and international entities,<sup>1</sup> can apply for accreditation to the Green Climate Fund;
- (b) Takes note of the assessment of institutions accredited by other relevant funds and their potential for eligibility to apply under the fast-track accreditation process presented in Annex II to this document;
- (c) Decides that the purpose of the fast-track accreditation is to expedite the accreditation of entities, including subnational, national, regional, and international entities, that have already been accredited by a relevant fund or institution that has an accreditation process, and whose fiduciary and environmental and social standards are found to be comparable to the Fund's fiduciary standards and environmental and social safeguards (ESS);
- (d) Decides that in the fast-track accreditation process, the Accreditation Panel shall:
  - (i) Identify, with the support of the Secretariat, the extent to which the fiduciary and environmental and social standards of the relevant fund or institution are comparable to those of the Fund and where gaps may exist;
  - (ii) Rely on the assessment of the relevant fund or institution with respect to the fiduciary and environmental and social standards that are comparable to those of the Fund when accrediting an entity to the Fund;
  - (iii) Assess whether the applicant adequately meets the Fund's fiduciary standards and ESS where there are gaps, consistent with the application of the fit-for-purpose approach,<sup>2</sup> and
  - (iv) Recommend to the Board whether an applicant entity shall be granted accreditation and indicate conditions, if any;
- (e) Decides that entities<sup>3</sup> accredited by the GEF up to the time of this Board decision and in full compliance with the GEF's Minimum Fiduciary Standards and Minimum Standards on Environmental and Social Safeguards (ESS) are eligible to apply under the fast-track accreditation process for the Fund's basic fiduciary standards, the specialized fiduciary standard for project management, and ESS. The assessment for accreditation will focus on the following gaps (see paragraphs (e) (i) and (ii) below) insofar as they are relevant to the entity's intended activities, which are to be addressed by the entity. The entity will be assigned a risk category<sup>4</sup> for funding proposals for projects and activities commensurate with its track record if and when the entity is approved for accreditation:
  - (i) Fiduciary gap: Anti-money laundering and anti-terrorist financing (basic fiduciary criteria for the purpose of transparency and accountability) (see Annex III); and
  - (ii) ESS gap: Have the capacity to assess and manage relevant elements of Performance Standards 1-4 and 6 environmental and social risks and impacts, per Table 1 in Annex IV, in line with the Fund's ESS through an ESMS (see Annex IV);

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<sup>1</sup> Governing Instrument.

<sup>2</sup> See Annex I.

<sup>3</sup> See Annex V.

<sup>4</sup> Risk categories are identified in Annex I of document GCF/B.07/11. Risk categories include Category A/Intermediation 1 (high), Category B/Intermediation 2 (medium), and Category C/Intermediation 3 (low).

- (f) Decides that entities<sup>5</sup> accredited by the Adaptation Fund (AF) up to the time of this Board decision and in full compliance with the AF's fiduciary standards are eligible to apply under the fast-track accreditation process for the Fund's basic fiduciary standards, the specialized fiduciary standard for project management, and ESS. The assessment for accreditation will focus on the following gaps (see paragraphs (f) (i)–(iv) below) insofar as they are relevant to the entity's intended activities, which are to be addressed by the entity. The entity will be assigned a risk category<sup>6</sup> for funding proposals for projects and activities commensurate with its track record if and when the entity is approved for accreditation:
- (i) Fiduciary gap: Have publicly available terms of reference that outline the purpose, authority and accountability for the investigation function (basic fiduciary criteria for the purpose of transparency and accountability and scope of investigation) (see Annex III);
  - (ii) Fiduciary gap: Ensure functional independence by having the investigations function headed by an officer who reports to a level of the organization that allows the investigation function to fulfil its responsibilities objectively (basic fiduciary criteria for the purpose of transparency and accountability and scope of investigation) (see Annex III);
  - (iii) Fiduciary gap: Publish guidelines for processing cases, including standardized procedures for handling complaints received by the function and managing cases before, during and after the investigation process (basic fiduciary criteria for the purpose of transparency and accountability and scope of investigation) (see Annex III); and
  - (iv) ESS gap: Have the capacity to assess and manage relevant Performance Standards 1-8 environmental and social risks and impacts in line with the Fund's ESS through an ESMS (see Annex IV);
- (g) Decides that entities<sup>7</sup> accredited by the Directorate-General for Development and Cooperation – EuropeAid of the European Commission (EU DEVCO) up to the time of this Board decision and in full compliance with EU DEVCO's fiduciary standards are eligible to apply under the fast-track accreditation process for the Fund's basic fiduciary standards, the specialized fiduciary standard for grant award and/or funding allocation mechanisms, and ESS. The assessment for accreditation will focus on the following gaps (see paragraphs (g) (i) and (ii) below), insofar as they are relevant to the entity's intended activities, which are to be addressed by the entity. The entity will be assigned a risk category<sup>8</sup> for funding proposals for projects and activities commensurate with its track record if and when the entity is approved for accreditation:
- (i) Fiduciary gap: anti-money laundering and anti-terrorist financing (basic fiduciary criteria for the purpose of transparency and accountability) (see Annex III); and
  - (ii) ESS gap: Have the capacity to assess and manage relevant Performance Standards 1-8 environmental and social risks and impacts in line with the Fund's ESS through an ESMS (see Annex IV).
- (h) Decides that any entity<sup>9</sup> accredited by funds referred to in paragraphs (e), (f) and (g) must address any remaining gaps identified in relation to those funds. The entity will be assigned

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<sup>5</sup> See Annex V.

<sup>6</sup> Risk categories are identified in Annex I of document GCF/B.07/11. Risk categories include Category A/Intermediation 1 (high), Category B/Intermediation 2 (medium), and Category C/Intermediation 3 (low).

<sup>7</sup> See Annex V.

<sup>8</sup> Risk categories are identified in Annex I of document GCF/B.07/11. Risk categories include Category A/Intermediation 1 (high), Category B/Intermediation 2 (medium), and Category C/Intermediation 3 (low).

<sup>9</sup> See Annex V.

a risk category<sup>10</sup> for funding proposals for projects and activities commensurate with its track record if and when the entity is approved for accreditation;

- (i) Recommends that those entities referred to in paragraphs (e), (f) and (g) to apply for fast-track accreditation once the application process is open;
- (j) Recommends that international entities who apply for fast-track propose, as an important additional consideration of their fast track accreditation application, how they intend to strengthen capacities of or otherwise support potential subnational, national and regional implementing entities and intermediaries to meet, at the earliest opportunity, the accreditation requirements of the Fund in order to enhance country ownership; and
- (k) Requests the Secretariat, in consultation with the Accreditation Panel, to identify other entities applying fiduciary and environmental and social principles or standards found to be comparable with the Fund's fiduciary standards and ESS, and to propose to the Board that the eligibility to apply under the fast-track accreditation process be extended to those entities.

(Note: Annexes II, III, and IV mentioned in decision B.08/03 can be found at the following link:

[https://www.greenclimate.fund/documents/20182/24946/GCF\\_B.08\\_45 - Decisions of the Board - Eighth Meeting of the Board\\_14-17 October 2014.pdf/1dd5389c-5955-4243-90c9-7c63e810c86d](https://www.greenclimate.fund/documents/20182/24946/GCF_B.08_45_-_Decisions_of_the_Board_-_Eighth_Meeting_of_the_Board_14-17_October_2014.pdf/1dd5389c-5955-4243-90c9-7c63e810c86d))

### **FIDUCIARY PRINCIPLES STANDARDS/ENVIRONMENTAL SAFEGUARDS**

#### **DECISION B.08/05: Best-Practice Fiduciary Principles and Standards and Environmental and Social Safeguards**

The Board, having reviewed document GCF/B.08/05 Relevant International Private Sector Best-Practice Fiduciary Principles and Standards and Environmental and Social Safeguards:

- (a) Recalls decision B.07/02 in which the Board decided to adopt the initial guiding framework for the Fund's accreditation process as contained in Annex I to document GCF/B.07/11, recognizing that it also applies to private sector entities;
- (b) Reaffirms that the fiduciary standards and environmental and social safeguards (ESS) will apply to all applicant entities, regardless of their public or private sector status;
- (c) Invites institutions with a track record of engaging with the private sector, in particular those in areas that are relevant to the Fund's objectives, to apply for accreditation to the Fund; and
- (d) Requests the Secretariat, in consultation with the Accreditation Panel, to provide recommendations on their potential accreditation or fast-tracking for decision by the Board at its first meeting in 2015.

### **APPLICATIONS FOR ACCREDITATION / RE-ACCREDITATION DECISIONS**

(Note: Annex I of this Handbook contains I. List of Accredited Entities to the Green Climate Fund (as at November 2019))

#### **DECISION B.24/11: Consideration of Accreditation Proposals at the 24<sup>th</sup> Meeting of the Board**

The Board, having considered document GCF/B.24/07/Rev.01 titled "Consideration of accreditation proposals":

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<sup>10</sup> Risk categories are identified in Annex I of document GCF/B.07/11. Risk categories include Category A/Intermediation 1 (high), Category B/Intermediation 2 (medium), and Category C/Intermediation 3 (low).

- (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 090 (APL090) is the National Committee for Sub-National Democratic Development Secretariat (NCDDS) based in Cambodia, as contained in annex XV;
  - (ii) Applicant 091 (APL091) is CRDB Bank Limited (CRDB) based in the United Republic of Tanzania, as contained in annex XVI;
  - (iii) Applicant 092 (APL092) is Finanzas y Negocios Servicios Financieros Limitada (FYNSA) based in Chile, as contained in annex XVII;
  - (iv) Applicant 093 (APL093) is IL&FS Environmental Infrastructure and Services Limited (IEISL) based in India, as contained in annex XVIII;
  - (v) Applicant 094 (APL094) is Yes Bank Limited (Yes Bank) based in India, as contained in annex XIX;
  - (vi) Applicant 095 (APL095) is Cassa Depositi e Prestiti S.p.A. (CDP) based in Italy, as contained in annex XX; and
  - (vii) Applicant 096 (APL096) is Save the Children Australia (SCA) based in Australia, as contained in annex XXI;
- (b) Approves the accreditation of applicants APL090, APL091, APL092, APL093, APL094, APL095 and APL096, pursuant to paragraph 45 of the Governing Instrument for the GCF, subject to, and in accordance with, the assessments by the Accreditation Panel contained in the relevant annexes for each of the applicants and completion of Stage III of the accreditation by having an effective accreditation master agreement, in accordance with decision B.23/11;
- (c) Takes note that, pursuant to decision B.08/03, paragraph (k), 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 XXII;
- (d) Decides that those entities referred to in annex XXII 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; and
- (e) Recalling decision B.21/15, paragraph (e), decides that future accreditation decisions by the Board should aim to bring forward accredited entities that fulfil the mandate consistent with the Governing Instrument on balance, diversity and coverage and advance the objectives of GCF and, to that end, also decides to prioritize up to the end of the twenty-fifth 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 an accredited direct access national 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 proposal issued by the Green Climate Fund, 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.

(Note: Annexes XV to XXII mentioned in Decision B.24/11 could be found at the following link: [https://www.greenclimate.fund/documents/20182/1908411/GCF.B.24.17 - Decisions of the Board twenty-fourth meeting of the Board 12 14 November 2019.pdf/b456ef92-b472-c83c-822d-992e284e3330](https://www.greenclimate.fund/documents/20182/1908411/GCF.B.24.17_-_Decisions_of_the_Board_twenty-fourth_meeting_of_the_Board_12_14_November_2019.pdf/b456ef92-b472-c83c-822d-992e284e3330))

### **DECISION B.23/13: Consideration of Accreditation Proposals at the 23<sup>rd</sup> Meeting of the Board**

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.

(Note: Annex VII mentioned in Decision B.23/13 could be found at the following link:  
[https://www.greenclimate.fund/documents/20182/1674504/GCF\\_B.23\\_23\\_-\\_Decisions\\_of\\_the\\_Board\\_\\_twenty-third\\_meeting\\_of\\_the\\_Board\\_6\\_\\_8\\_July\\_2019.pdf/de0260d1-736f-0dbf-695c-06684f805ad9](https://www.greenclimate.fund/documents/20182/1674504/GCF_B.23_23_-_Decisions_of_the_Board__twenty-third_meeting_of_the_Board_6__8_July_2019.pdf/de0260d1-736f-0dbf-695c-06684f805ad9))

### **DECISION B.22/09: Consideration of Accreditation Proposals at the 22<sup>nd</sup> Meeting of the Board**

The Board, having considered document GCF/B.22/02 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 077 (APL077) is the Alternative Energy Promotion Centre (AEPC), based in Nepal, as contained in annex IV of document GCF/B.22/02;
  - (ii) Applicant 078 (APL078) is the Environmental Project Implementation Unit (EPIU) of the Ministry of Nature Protection of the Republic of Armenia, as contained in annex V of document GCF/B.22/02;
  - (iii) Applicant 079 (APL079) is the Fondo Mexicano para la Conservación de la Naturaleza A.C. (FMCN), based in Mexico, as contained in annex VI of document GCF/B.22/02;
  - (iv) Applicant 080 (APL080) is the National Fund for Environment and Climate (FNEC) of Benin, as contained in annex VII of document GCF/B.22/02;
  - (v) Applicant 081 (APL081) is the Pacific Community (SPC), based in New Caledonia, as contained in annex VIII of document GCF/B.22/02;
  - (vi) Applicant 082 (APL082) is JS Bank Limited (JS Bank), based in Pakistan, as contained in annex IX of document GCF/B.22/02;
  - (vii) Applicant 083 (APL083) is Attijariwafa Bank (AWB), based in Morocco, as contained in annex X of document GCF/B.22/02;
  - (viii) Applicant 084 (APL084) is Macquarie Alternative Assets Management Limited (MAAML), based in Australia, as contained in annex XI of document GCF/B.22/02; and
  - (ix) Applicant 085 (APL085) is the Luxembourg Agency for Development Cooperation (LuxDev), based in Luxembourg, as contained in annex XII of document GCF/B.22/02;
- (b) Accredits applicants APL077, APL078, APL079, APL080, APL081, APL082, APL083, APL084 and APL085 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 assessment conducted by the Secretariat and the Accreditation Panel contained within the relevant annex for the following applicant seeking to upgrade its accreditation type:
  - (i) United Nations Environment Programme (UN Environment), based in Kenya, as contained in annex XIII of document GCF/B.22/02;
- (d) Agrees to upgrade the accreditation type of the United Nations Environment Programme (UN Environment) as contained in decision B.10/06, paragraph (c), subject to, and in accordance with, the assessment by the Accreditation Panel contained in annex XIII of document GCF/B.22/02;
- (e) Takes note that, pursuant to decision B.08/03, paragraph (k), 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 XIV of document GCF/B.22/02; and

- (f) Decides that those entities referred to in annex XIV of document GCF/B.22/02 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 Directorate-General for International Development and Cooperation.

**DECISION B.21/16 (a) to (d):            Consideration of Accreditation Proposals at the 21<sup>st</sup> Meeting of the Board**

The Board, having considered document GCF/B.21/17 and its limited distribution addenda Add.01, Add.02, Add.03 and Add.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 061 (APL061) is Caixa Economica Federal (CEF) based in Brazil, as contained in annex V in document GCF/B.21/17;
  - (ii) Applicant 062 (APL062) is the Fondo para la Acción Ambiental y la Niñez (Fondo Acción) based in Colombia, as contained in annex VI in document GCF/B.21/17;
  - (iii) Applicant 063 (APL063) is IDFC Bank Limited (IDFC Bank) based in India, as contained in annex VII in document GCF/B.21/17;
  - (iv) Applicant 064 (APL064) is the Ministry of Finance and Economic Management (MFEM) based in the Cook Islands, as contained in annex VIII in document GCF/B.21/17;
  - (v) Applicant 065 (APL065) is the National Rural Support Programme (NRSP) based in Pakistan, as contained in annex IX in document GCF/B.21/17;
  - (vi) Applicant 066 (APL066) is the Nordic Environment Finance Corporation (NEFCO) based in Finland, as contained in annex X in document GCF/B.21/17;
  - (vii) Applicant 067 (APL067) is Pegasus Capital Advisors (PCA) based in the United States of America, as contained in annex XI in document GCF/B.21/17;
  - (viii) Applicant 068 (APL068) is the Austrian Development Agency (ADA) based in Austria, as contained in annex XII in document GCF/B.21/17;
  - (ix) Applicant 069 (APL069) is the Compañía Española de Financiación del Desarrollo S.A. S.M.E. (COFIDES) based in Spain, as contained in annex XIII in document GCF/B.21/17;
  - (x) Applicant 070 (APL070) is the Financiera De Desarrollo Territorial S.A. (Findeter) based in Colombia, as contained in annex XIV in document GCF/B.21/17;
  - (xi) Applicant 071 (APL071) is the Fundo Brasileiro para a Biodiversidade (Funbio) based in Brazil, as contained in annex XV in document GCF/B.21/17;
  - (xii) Applicant 072 (APL072) is the LandBank of the Philippines (LandBank) based in the Philippines, as contained in annex XVI in document GCF/B.21/17;
  - (xiii) Applicant 073 (APL073) is the Protected Areas Conservation Trust (PACT), based in Belize, as contained in annex XVII in document GCF/B.21/17;
  - (xiv) Applicant 074 (APL074) is BNP Paribas S.A. (BNP Paribas), based in France, as contained in annex XVIII in document GCF/B.21/17;

- (xv) Applicant 075 (APL075) is the Consortium of International Agricultural Research Centers (CGIAR), based in France, as contained in annex XIX in document GCF/B.21/17; and
- (xvi) Applicant 076 (APL076) is the Inter-American Investment Corporation (IDB Invest), based in the United States of America, as contained in annex XX in document GCF/B.21/17;
- (b) Accredits applicants APL061, APL062, APL063, APL064, APL065, APL066, APL067, APL068, APL069, APL070, APL071, APL072, APL073, APL074, APL075 and APL076 pursuant to paragraph 45 of the Governing Instrument for the Green Climate Fund, 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 assessment conducted by the Secretariat and the Accreditation Panel contained within the relevant annex for the following applicant seeking to upgrade its accreditation type:
  - (i) Peruvian Trust Fund for National Parks and Protected Areas (PROFONANPE), based in Peru, as contained in annex XXI in document GCF/B.21/17;
- (d) Agrees to upgrade the accreditation type of Peruvian Trust Fund for National Parks and Protected Areas (PROFONANPE) as contained in decision B.09/07, paragraph (b), subject to, and in accordance with, the assessment by the Accreditation Panel contained in annex XXI in document GCF/B.21/17; and`

(Note: Sub-paragraph (e) of Decision B.21/06 could be found following this link: [DECISION B.21/16 \(e\)](#): Accreditation priorities to be used through the 23rd meeting of the Board )

### **DECISION B.18/05: Consideration of accreditation proposals at the 18<sup>th</sup> Meeting of the Board**

The Board, having considered document GCF/B.18/09 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 056 (APL056) is the China Clean Development Mechanism Fund Management Center (China CDM Fund Management Center) based in China, as contained in annex III;
  - (ii) Applicant 057 (APL057) is the Department of Environment (DOE) of Antigua and Barbuda, as contained in annex IV;
  - (iii) Applicant 058 (APL058) is the Fiji Development Bank (FDB), based in Fiji, as contained in annex V;
  - (iv) Applicant 059 (APL059) is the Palli Karma-Sahayak Foundation (PKSF), based in Bangladesh, as contained in annex VI; and
  - (v) Applicant 060 (APL060) is the Sahara and Sahel Observatory (OSS), based in Tunisia, as contained in annex VII;
- (b) Accredits applicants APL056, APL057, APL058, APL059 and APL060, 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 assessment conducted by the Secretariat and the Accreditation Panel contained within the relevant annex for the following applicants seeking to upgrade its accreditation type:

- (i) Acumen Fund, Inc. (Acumen), based in the United States of America, as contained in annex VIII;
- (d) Agrees to upgrade the accreditation type of Acumen Fund, Inc. as contained in decision B.09/07, paragraph (b), subject to, and in accordance with, the assessment by the Accreditation Panel contained in annex annex VIII;
- (e) Takes note that, pursuant to decision B.08/03, paragraph (k), 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 IX; and
- (f) Decides that those entities referred to in annex XI are also eligible to apply under the fast-track accreditation process for the standards of the GCF in accordance with decision B.08/03, paragraph (f), for entities accredited by the Adaptation Fund, and decision B.08/03, paragraph (g), for entities under the Directorate-General for International Cooperation and Development.

(Note: Annexes III to IX and XI mentioned in decision B.18/05 can be found at the following link:

[https://www.greenclimate.fund/documents/20182/820027/GCF\\_B.18\\_23\\_-\\_Decisions\\_of\\_the\\_Board\\_eighteenth\\_meeting\\_of\\_the\\_Board\\_30\\_September\\_2\\_October\\_2017.pdf/b55d8183-005c-4518-91dc-152113506766](https://www.greenclimate.fund/documents/20182/820027/GCF_B.18_23_-_Decisions_of_the_Board_eighteenth_meeting_of_the_Board_30_September_2_October_2017.pdf/b55d8183-005c-4518-91dc-152113506766))

### **DECISION B.17/13: Consideration of accreditation proposals at the 17<sup>th</sup> Meeting of the Board**

The Board, having considered document GCF/B.17/05 titled “Consideration of accreditation proposals”:

- (b) Takes note with appreciation the assessments conducted by the Secretariat and the Accreditation Panel contained in the relevant annexes for the following applicants:
  - (i) Applicant 050 (APL050) is CDG Capital S.A. (CDG Capital), based in Morocco, as contained in annex XI;
  - (ii) Applicant 051 (APL051) is Infrastructure Development Company Limited (IDCOL), based in Bangladesh, as contained in annex XII;
  - (iii) Applicant 052 (APL052) is the Small Industries Development Bank of India (SIDBI), based in India, as contained in annex XIII;
  - (iv) Applicant 053 (APL053) is the Micronesia Conservation Trust (MCT), based in Micronesia (Federated States of), as contained in annex XIV;
  - (v) Applicant 054 (APL054) is the Bank of Tokyo-Mitsubishi UFJ, Ltd. (BTMU), headquartered in Japan, as contained in annex XV; and
  - (vi) Applicant 055 (APL055) is the Japan International Cooperation Agency (JICA) headquartered in Japan, as contained in annex XVI;
- (c) Accredits applicants APL050, APL051, APL052, APL053, APL054 and APL055 pursuant to paragraph 45 of the Governing Instrument for the GCF, subject to and in accordance with the assessments by the Accreditation Panel contained in the relevant annexes for each of the applicants. A summary of the recommended accreditation types and conditions and/or remarks, if any, for each applicant is contained in annex XVII;
- (d) Takes note, pursuant to decision B.08/03, paragraph (k), that the Secretariat, in consultation with the Accreditation Panel, is proposing that eligibility to apply under the fast-track accreditation process be extended to those entities listed in annex XVIII; and
- (e) Decides that those entities referred to in annex XVIII are also eligible to apply under the fast-track accreditation process for the standards of the GCF, in accordance with decision B.08/03, paragraph (f) for entities accredited by the Adaptation Fund and decision

B.08/03, paragraph (g) for entities accredited by the Directorate-General for International Development and Cooperation.

(Note: Annexes V to XV mentioned in decision B.17/13 can be found at the following link:

[https://www.greenclimate.fund/documents/20182/751020/GCF\\_B.17\\_21\\_-](https://www.greenclimate.fund/documents/20182/751020/GCF_B.17_21_-)

[Decisions of the Board seventeenth meeting of the Board 5\\_6 July 2017.pdf/95256895-d699-404e-b3c0-a46b2558ceaf](#))

### **DECISION B.15/09: Consideration of accreditation proposals at the 15<sup>th</sup> Meeting of the Board**

The Board, having considered document GCF/B.15/16 titled “Consideration of accreditation proposals”:

- (a) Takes note with appreciation of the efforts that accredited entities are making in order to address their accreditation conditions as listed in annex V;
- (b) Also takes note of the accredited entities with accreditation conditions fulfilled and closed as determined by the Accreditation Panel and listed in annex V;
- (c) Further 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 043 (APL043) is the Foreign Economic Cooperation Office (FECO) of the Ministry of Environmental Protection of China, based in China, as contained in annex VI;
  - (ii) Applicant 044 (APL044) is the Korea Development Bank (KDB), based in the Republic of Korea, as contained in annex VII;
  - (iii) Applicant 045 (APL045) is PT Sarana Multi Infrastruktur (PT SMI), based in Indonesia, as contained in annex VIII;
  - (iv) Applicant 046 (APL046) is the Central American Bank for Economic Integration (CABEI), based in Honduras, as contained in annex IX;
  - (v) Applicant 047 (APL047) is Fundación Avina (Fundación Avina), based in Panama, as contained in annex X;
  - (vi) Applicant 048 (APL048) is Société de Promotion et de Participation pour la Coopération Economique (PROPARCO), based in France, as contained in annex XI; and
  - (vii) Applicant 049 (APL049) is the World Wildlife Fund, Inc. (WWF), based in the United States of America, as contained in annex XII;
- (d) Accredits applicants APL043, APL044, APL045, APL046, APL047, APL048 and APL049 pursuant to paragraph 45 of the Governing Instrument for the GCF, and subject to, and in accordance with, the assessment by the Accreditation Panel contained in the relevant annexes for each of the applicants. A summary of the recommended accreditation types and conditions and/or remarks, if any, for each applicant is contained in annex XIV
- (e) Takes note with appreciation of the assessment conducted by the Secretariat and the Accreditation Panel contained within the relevant annex for the following applicants seeking to upgrade its accreditation type:
  - (i) Conservation International Foundation (CI), based in the United States of America, as contained in annex XIII;
- (f) Agrees to upgrade the accreditation type of Conservation International Foundation contained in decision B.10/06, paragraph (ix), subject to, and in accordance with, the assessment by the Accreditation Panel contained in annex XIII. A summary of the recommended upgrade in accreditation type and conditions and/or remarks, if any, is contained in annex XIV;

- (g) Takes note that, pursuant to decision B.08/03, paragraph (k), 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 XV; and
- (h) Decides that those entities referred to in annex XV are also eligible to apply under the fast-track accreditation process for the standards of the GCF in accordance with decision B.08/03, paragraph (f), for entities accredited by the Adaptation Fund, and decision B.08/03, paragraph (g), for entities under the Directorate-General for International Development and Cooperation.

(Note: Annexes V to XV mentioned in decision B.15/09 can be found at the following link:

[https://www.greenclimate.fund/documents/20182/490910/GCF\\_B.15\\_24\\_-\\_Decisions\\_of\\_the\\_Board\\_fifteenth\\_meeting\\_of\\_the\\_Board\\_13-15\\_December\\_2016.pdf/8726fc1c-15fc-4a2e-90fb-23267b3f8ea5](https://www.greenclimate.fund/documents/20182/490910/GCF_B.15_24_-_Decisions_of_the_Board_fifteenth_meeting_of_the_Board_13-15_December_2016.pdf/8726fc1c-15fc-4a2e-90fb-23267b3f8ea5))

### **DECISION B.14/11: Consideration of accreditation proposals at the 14<sup>th</sup> Meeting of the Board**

The Board, having considered document GCF/B.14/16 titled “Consideration of accreditation proposals – entities recommended at the fourteenth meeting of the Board”,

- (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 039 (APL039) is the South African National Biodiversity Institute (SANBI) based in South Africa, as contained in annex X;
  - (ii) Applicant 040 (APL040) is the Food and Agriculture Organization of the United Nations (FAO) based in Italy, as contained in annex XI;
  - (iii) Applicant 041 (APL041) is the International Fund for Agricultural Development (IFAD) based in Italy, as contained in annex XII; and
  - (iv) Applicant 042 (APL042) is the Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden N.V. (FMO) based in the Netherlands, as contained in annex XIII; and
- (b) Accredits APL039, APL040, APL041 and APL042 pursuant to paragraph 45 of the Governing Instrument for the GCF, and subject to, and in accordance with, the assessment by the Accreditation Panel contained in the relevant annexes for each of the applicants. A summary of the recommended accreditation types and conditions and/or remarks, if any, for each applicant is contained in annex XIV.

(Note: Annexes X to XIV mentioned in decision B.14/11 can be found at the following link:

[https://www.greenclimate.fund/documents/20182/409835/GCF\\_B.14\\_17\\_-\\_Decisions\\_of\\_the\\_Board\\_fourteenth\\_meeting\\_of\\_the\\_Board\\_12-14\\_October\\_2016.pdf/da61a7d6-f3dc-4342-a744-a03257a33ed7](https://www.greenclimate.fund/documents/20182/409835/GCF_B.14_17_-_Decisions_of_the_Board_fourteenth_meeting_of_the_Board_12-14_October_2016.pdf/da61a7d6-f3dc-4342-a744-a03257a33ed7))

### **DECISION B.14/10: Consideration of accreditation proposals deferred at the 13<sup>th</sup> Meeting of the Board**

The Board, having considered document GCF/B.14/15 titled “Consideration of accreditation proposals – entities recommended at the thirteenth meeting of the Board”,

- (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 035 (APL035) is the Banque Ouest Africaine de Développement (West African Development Bank, BOAD) based in Togo, as contained in annex V;
  - (ii) Applicant 036 (APL036) is the Caribbean Development Bank (CDB) based in Barbados as contained in annex VI;
  - (iii) Applicant 037 (APL037) is XacBank LLC (XacBank) based in Mongolia, as contained in annex VII; and

- (iv) Applicant 038 (APL038) is the Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH (GIZ) based in Germany, as contained in annex VIII; and
- (b) Accredits APL035, APL036, APL037 and APL038 pursuant to paragraph 45 of the Governing Instrument for the GCF, and subject to, and in accordance with, the assessment by the Accreditation Panel contained in the relevant annexes for each of the applicants. A summary of the recommended accreditation types and conditions and/or remarks, if any, for each applicant is contained in annex IX.

(Note: Annexes V to IX mentioned in decision B.14/10 can be found at the following link:  
[https://www.greenclimate.fund/documents/20182/409835/GCF\\_B.14\\_17\\_-\\_Decisions\\_of\\_the\\_Board\\_fourteenth\\_meeting\\_of\\_the\\_Board\\_12-14\\_October\\_2016.pdf/da61a7d6-f3dc-4342-a744-a03257a33ed7](https://www.greenclimate.fund/documents/20182/409835/GCF_B.14_17_-_Decisions_of_the_Board_fourteenth_meeting_of_the_Board_12-14_October_2016.pdf/da61a7d6-f3dc-4342-a744-a03257a33ed7) )

### **DECISION B.14/09: Status of accreditation proposals**

The Board, having considered document GCF/B.14/10 titled “Consideration of accreditation proposals – overview of accreditation”,

- (a) Takes note with appreciation of the efforts that accredited entities are making in order to address their accreditation conditions as listed in annex III;
- (b) Also takes note of the accredited entities with accreditation conditions fulfilled and closed as determined by the Accreditation Panel and listed in annex III;
- (c) Further takes note that, pursuant to decision B.08/03, paragraph (k), 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 IV; and
- (d) Decides that those entities referred to in annex IV are also eligible to apply under the fast-track accreditation process for the standards of the GCF in accordance with decision B.08/03, paragraph (f), for entities accredited by the Adaptation Fund, and decision B.08/03, paragraph (g), for entities under the Directorate-General for International Development and Cooperation.

(Note: Annex III mentioned in decision B.14/09 can be found at the following link:  
[https://www.greenclimate.fund/documents/20182/409835/GCF\\_B.14\\_17\\_-\\_Decisions\\_of\\_the\\_Board\\_fourteenth\\_meeting\\_of\\_the\\_Board\\_12-14\\_October\\_2016.pdf/da61a7d6-f3dc-4342-a744-a03257a33ed7](https://www.greenclimate.fund/documents/20182/409835/GCF_B.14_17_-_Decisions_of_the_Board_fourteenth_meeting_of_the_Board_12-14_October_2016.pdf/da61a7d6-f3dc-4342-a744-a03257a33ed7) )

### Annex IV: 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 under 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 and B.12/30, 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 and 9 March 2016, respectively.
3. The entities presented below are entities that have been accredited by the AF and DG DEVCO since 9 March 2016. No new entities have been accredited by the GEF since this time; however, an update has been provided on the status of the signature of the memorandums of understanding for GEF agencies that have been approved to progress to Stage III of the GEF accreditation process by the GEF Accreditation Panel.

#### **II. Adaptation Fund**

Table 7: The Adaptation Fund – national implementing entities since 9 March 2016<sup>a</sup>

Name	Acronym	Country
Dominican Institute of Integral Development	IDDI	Dominican Republic

Ministry of Finance and Economic Management	MFEM	Cook Islands
Partnership for Governance Reform	Kemitraan	Indonesia

<sup>a</sup> The 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/>>. Adaptation Fund Board decisions B.27/3, B. 27/4 and B.27-28/18 available at <<https://www.adaptation-fund.org/documents-publications/>>.

### III. Directorate-General for International Development and Cooperation

Table 8: Directorate-General for International Development and Cooperation – national public sector bodies, bodies governed by private law with a public service mission and international organizations that have undergone European Union institutional compliance assessments (pillar assessments) since 9 March 2016<sup>a</sup>

Name	Acronym	Country
Central American Bank for Economic Integration	CABEI	Honduras
Compañía Española de Financiación del Desarrollo S.A.	COFIDES	Spain
International Labour Organisation	ILO	Switzerland
Nordic Environment Finance Corporation	NEFCO	Finland
United Nations Office for Project Services	UNOPS	Denmark
United States Agency for International Development	USAID	United States of America

<sup>a</sup> The list of national public sector bodies, bodies governed by private law with a public service mission and international organizations that have undergone European Union institutional compliance assessments (pillar assessments) was provided by the Directorate-General for International Development and Cooperation on 30 May, 23 June and 31 August 2016 to the Secretariat.

4. The national public sector bodies, bodies governed by private law with a public service mission and international organizations listed in the above table have been confirmed either by DG DEVCO to the Secretariat or via evidence provided by the organizations regarding their successful assessment against DG DEVCO pillar assessments, meet the requirements of the relevant European Union legislation and are authorized to carry out European Union budget implementation tasks without conditions concerning their institutional compliance.

### IV. Global Environment Facility

5. Since 9 March 2016, no additional agencies have completed Stage II of the GEF accreditation procedure (review by the GEF Accreditation Panel).

6. Four entities (Fundo Brasileiro para a Biodiversidade – Brazil, the Foreign Economic Cooperation Office – China, the Development Bank of Latin America, and Banque Ouest Africaine de Développement) received approval from the GEF Accreditation Panel to progress from Stage II to Stage III (the final stage, which involves the signing of formal agreements, including the memorandum of understanding and the financial procedures agreement between the GEF and the entity). This approval is as per the GEF progress report on the pilot accreditation of GEF project agencies and was noted by the GEF Council at its forty-eighth meeting.<sup>1</sup>

7. Entities must complete Stage III of the GEF accreditation procedure in order to become a fully accredited agencies under the GEF.

8. At the time of publication of this document and based on information available on the GEF website, of the four entities, two entities (Fundo Brasileiro para a Biodiversidade and Foreign Economic Cooperation Office) have signed the memorandums of understanding and financial procedures agreement in Stage III of the GEF accreditation process.

### **DECISION B.13/28 (a): Deferral of consideration of accreditation proposals at the 13<sup>th</sup> Meeting of the Board**

The Board, having considered document GCF/B.13/23 titled “Consideration of accreditation proposals”,

- (a) Decides to defer the consideration of applicants 034 to 038, as contained in document GCF/B.13/23, until the fourteenth meeting of the Board; and

<sup>1</sup> GEF document GEF/C.48/10/Rev.01 available at <<https://www.thegef.org/documents>>. Joint summary of the Chairs, 48th GEF Council Meeting, 2–4 June 2015 available at <<https://www.thegef.org/documents>>.

(Note: Paragraph (b) can be found under Accreditation Programme in this same chapter (see DECISION B.13/28 (b): Request for policy document on accreditation framework )

### **\*DECISION B.12/30: Consideration of accreditation proposals at the 12<sup>th</sup> Meeting of the Board**

The Board, having considered document GCF/B.12/07 titled “Consideration of accreditation proposals”,

- (a) Takes note with appreciation of the in-depth assessment conducted by the Accreditation Panel contained within the relevant annexes for the following applicants:
- (i) Applicant 021 (APL021) is the Agency for Agricultural Development of Morocco (ADA) based in Morocco, as contained in annex XI;
  - (ii) Applicant 022 (APL022) is the Ministry of Finance and Economic Cooperation of the Federal Democratic Republic of Ethiopia (MOFEC) based in Ethiopia, as contained in annex XII;
  - (iii) Applicant 023 (APL023) is the National Environment Management Authority of Kenya (NEMA) based in Kenya, as contained in annex XIII;
  - (iv) Applicant 024 (APL024) is the Development Bank of Southern Africa (DBSA) based in South Africa, as contained in annex XIV;
  - (v) Applicant 025 (APL025) is the Crédit Agricole Corporate and Investment Bank (Crédit Agricole CIB) headquartered in France, as contained in annex XV;
  - (vi) Applicant 026 (APL026) is the HSBC Holdings plc and its subsidiaries (HSBC) headquartered in the United Kingdom of Great Britain and Northern Ireland, as contained in annex XVI;
  - (vii) Applicant 027 (APL027) is the African Development Bank (AfDB) headquartered in Côte d’Ivoire, as contained in annex XVII;
  - (viii) Applicant 028 (APL028) is the European Investment Bank (EIB) headquartered in Luxembourg, as contained in annex XVIII;
  - (ix) Applicant 029 (APL029) is the International Finance Corporation (IFC) headquartered in the United States of America, as contained in annex XIX;
  - (x) Applicant 030 (APL030) is the Unidad Para el Cambio Rural (Unit for Rural Change, UCAR) based in Argentina, as contained in annex XX;
  - (xi) Applicant 031 (APL031) is the International Union for Conservation of Nature (IUCN) headquartered in Switzerland, as contained in annex XXI;
  - (xii) Applicant 032 (APL032) is the World Food Programme (WFP) headquartered in Italy, as contained in annex XXII; and
  - (xiii) Applicant 033 (APL033) is the World Meteorological Organization (WMO) headquartered in Switzerland, as contained in annex XXIII;
- (b) Accredits APL021, APL022, APL023, APL024, APL025, APL026, APL027, APL028, APL029, APL030, APL031, APL032 and APL033 pursuant to paragraph 45 of the Governing Instrument for the GCF, and subject to, and in accordance with, the assessment by the Accreditation Panel contained in the relevant annexes for each of the applicant entities. A summary of the recommended accreditation type and conditions and remarks, if any, for each applicant is contained in annex XXIV;
- (c) Recalling decision B.10/06, paragraph (j), and decision B.11/10, annex I, paragraph 35, the Board underlines its expectation that accredited entities will advance the goal of the

GCF to promote the paradigm shift towards low-emission and climate-resilient development pathways in the context of sustainable development, which includes shifting their overall portfolios in line with this direction;

- (d) Requests the Accreditation Panel, with the support of the Secretariat as necessary, to establish a baseline on the overall portfolio of accredited entities, including those already accredited at an earlier stage, that allows for an assessment of the extent to which the accredited entities' overall portfolios of activities, beyond those funded by the GCF, have evolved in this direction during the accreditation period;
- (e) Notes that the Accreditation Panel has recommended the accreditation of applicant 26 and further notes that in its review the Accreditation Panel identified a potential information gap associated with the implementation of its Global Standards programme, which overviews the applicant's progress in implementing stronger anti-money laundering and sanctions compliance mechanisms (Global Standards);
- (f) Requests that the Accreditation Panel review prior to the fourteenth and sixteenth meetings of the Board, the applicant's progress in implementing its Global Standard, including a review of material external information. Further requests that the Accreditation Panel report to the Board on whether the results of these reviews would alter its recommendation to accredit the applicant;
- (g) Approves the accreditation of applicant 26 subject to the condition that the Board has the ability to temporarily or permanently suspend the applicant's accreditation based on the recommendation of the Accreditation Panel following its reviews;
- (h) Takes note that the process outlined for applicant 026 applies only in this case, without prejudice to further decisions;
- (i) Takes note that, pursuant to decision B.08/03, paragraph (k), 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 XXV; and
- (j) Decides that those entities referred to in annex XXV are also eligible to apply under the fast-track accreditation process for the standards of the GCF in accordance with decision B.08/03, paragraph (f), for entities accredited by the Adaptation Fund, and decision B.08/03, paragraph (g), for entities under the Directorate-General for International Development and Cooperation of the European Commission (DG DEVCO).

(Note: Annexes XI to XXV mentioned in decision B.12/30 can be found at the following link:

[https://www.greenclimate.fund/documents/20182/184476/GCF\\_B.12\\_32\\_-\\_Decisions\\_of\\_the\\_Board\\_Twelfth\\_Meeting\\_of\\_the\\_Board\\_8\\_10\\_March\\_2016.pdf/020edfa1-53b2-4abf-af78-fccf5628db2a](https://www.greenclimate.fund/documents/20182/184476/GCF_B.12_32_-_Decisions_of_the_Board_Twelfth_Meeting_of_the_Board_8_10_March_2016.pdf/020edfa1-53b2-4abf-af78-fccf5628db2a)

### **\*DECISION B.10/06: Board decision accreditation proposals; accreditation modalities**

The Board, having considered document GCF/B.10/03 Consideration of Accreditation Proposals and after further exchange with the Accreditation Panel (AP):

- (a) Takes note with appreciation of the in-depth assessment conducted by the AP contained within the relevant annexes for the following applicants:
  - (i) Applicant 008 (APL008) is the Environmental Investment Fund of Namibia (EIF), as contained in Annex VIII;
  - (ii) Applicant 009 (APL009) is the Ministry of Natural Resources of Rwanda (MINIRENA), as contained in Annex IX;
  - (iii) Applicant 010 (APL010) is the National Bank for Agriculture and Rural Development (NABARD), as contained in Annex X;

- (iv) Applicant 011 (APL011) is the Corporación Andina de Fomento (CAF), as contained in Annex XI;
  - (v) Applicant 012 (APL012) is the Caribbean Community Climate Change Centre (CCCCC), as contained in Annex XII;
  - (vi) Applicant 013 (APL013) is the Africa Finance Corporation (AFC), as contained in Annex XIII;
  - (vii) Applicant 014 (APL014) is Deutsche Bank AktienGesellschaft (Deutsche Bank AG), as contained in Annex XIV;
  - (viii) Applicant 015 (APL015) is the Agence Française de Développement (AFD), as contained in Annex XV;
  - (ix) Applicant 016 (APL016) is the Conservation International Foundation (CI), as contained in Annex XVI;
  - (x) Applicant 017 (APL017) is the European Bank for Reconstruction and Development (EBRD), as contained in Annex XVII;
  - (xi) Applicant 018 (APL018) is the Inter-American Development Bank (IDB), as contained in Annex XVIII;
  - (xii) Applicant 019 (APL019) is the United Nations Environment Programme (UNEP), as contained in Annex XIX; and
  - (xiii) Applicant 020 (APL020) is the International Bank for Reconstruction and Development (IBRD) and International Development Association (IDA) (together as “World Bank”, as contained in Annex XX;
- (b) Also takes note that the Board exercised its discretion and best judgement in reliance on the information furnished by the AP;
  - (c) Accredits APL008, APL009, APL010, APL011, APL012, APL013, APL014, APL015, APL016, APL017, APL018, APL019 and APL020 pursuant to paragraph 45 of the Governing Instrument for the Green Climate Fund (the Fund), and subject to, and in accordance with, the assessment, including any conditions and recommendations, by the AP as contained in the relevant annexes for each of the applicant entities and reiterated in Annex XXII;
  - (d) Decides that the Board shall continue to exercise its discretion and best judgement in future accreditation decisions;
  - (e) Requests the Secretariat to track and report on the fulfilment of conditions of accreditation on a regular basis;
  - (f) Takes note that, pursuant to decision B.08/03, paragraph (k), the Secretariat in consultation with the AP, is proposing that the eligibility to apply under the fast-track accreditation process be extended to those entities listed in Annex XXI;
  - (g) Decides that those entities referred to in Annex XXI are also eligible to apply under the fast-track accreditation process for the Fund’s standards in accordance with decision B.08/03, paragraph (e), for Global Environment Facility agencies, decision B.08/03, paragraph (f), for entities accredited by the Adaptation Fund, and decision B.08/03, paragraph (g), for entities under the Directorate-General for Development and Cooperation – EuropeAid of the European Commission;
  - (h) Also decides that, recalling decision B.06/06 and pursuant to decision B.09/07, paragraph (g), the Secretariat will actively support applications for accreditation received from subnational, national and regional public and private sector entities in order to ensure a balance of diversity, including between entities under the direct access and international access modalities, in the list of entities being considered for accreditation by the Board;

- (i) Further decides that, recalling decision B.08/03, all international entities, as an important consideration of their accreditation application, shall indicate how they intend to strengthen capacities of, or otherwise support, potential subnational, national and regional entities to meet, at the earliest opportunity, the accreditation requirements of the Fund in order to enhance country ownership and that they report annually on these actions;
- (j) Reaffirms that information on how the entity will contribute to the mandate of the Fund and any information considered material, particularly information with potential reputational risks to the Fund, shall be provided in the recommendation of the AP to the Board;
- (k) Requests the Secretariat, as part of the information disclosure policy to be considered by the Board at its eleventh meeting, in consultation with relevant stakeholders, to develop a proposal to increase the transparency of the accreditation process, including the modalities for the disclosure of the names of applicant entities and/or those recommended by the AP to the Board for accreditation;
- (l) Decides that, recalling decision B.09/08, the accreditation master agreement, to be signed between the Fund and each accredited entity, shall define the relationship between the Fund and the entity, including the roles of each and how each will carry out its responsibilities, under those arrangements, with regard to the extent and scope of its accreditation;
- (m) Requests the Secretariat to address through the accreditation master agreement or other relevant documents, including the risk management framework, any conflict of interest, potential conflict of interest and reputational risks which may arise from the relationship between the Fund and its accredited entities reflecting generally accepted international standards;
- (n) Also requests the Secretariat to present relevant policies addressing fraud, corruption and other prohibited practices, and policies addressing anti-money laundering and countering the financing of terrorism issues, taking into account relevant Board decisions and international best practices and standards for inclusion in the Fund's fiduciary principles and standards adopted in decision B.07/02, for consideration by the Board no later than its eleventh meeting;
- (o) Authorizes the Executive Director to recruit a fiduciary compliance specialist with anti-money laundering and countering financing of terrorism skills;
- (p) Decides that, in accordance with the disclosure policies of the Fund:
  - (i) The Secretariat will submit a document on the consideration of accreditation proposals, including the AP's assessment and recommendations on accreditation and names of the entities, to the Board at least 21 days before the start of the Board meeting;
  - (ii) Board members may provide questions about the entities being recommended for accreditation, in writing, to the Secretariat within one week of the AP's recommendations being circulated to the Board;
  - (iii) The Secretariat shall compile questions provided by the Board, and circulate the compilation of questions, verbatim, to the AP and all Board members; and
  - (iv) The AP shall respond to all questions and provide a compilation of those responses to the Board at the latest one week before the Board meeting. The AP will have sole authority to decide whether or not to make changes to its recommendation in response to feedback from the Board.
- (q) Also decides to revise the membership of the Accreditation Committee, as contained in Annex IV to decision B.07/02, to comprise:

- (i) Three Board members or alternate members from developing country Parties; and
- (ii) Three Board members or alternate members from developed country Parties; and
- (r) Requests the Accreditation Committee with the support of the Secretariat to work on a strategy on accreditation for consideration by the Board at its eleventh meeting. The report should examine issues including efficiency, fairness and transparency of the accreditation process, as well as the extent to which current and future accredited entities enable the Fund to fulfil its mandate.

(Note: Annexes VIII to XXII mentioned in decision B.10/06 can be found at the following link:

[https://www.greenclimate.fund/documents/20182/24952/GCF\\_B.10\\_17 - Decisions of the Board - Tenth Meeting of the Board\\_6-9 July 2015.pdf/1238c5ad-8686-4cf9-a401-aa4893818215](https://www.greenclimate.fund/documents/20182/24952/GCF_B.10_17_-_Decisions_of_the_Board_-_Tenth_Meeting_of_the_Board_6-9_July_2015.pdf/1238c5ad-8686-4cf9-a401-aa4893818215) )

### **\*DECISION B.09/07: Accreditation Decisions**

The Board, having considered document GCF/B.09/04 Consideration of Accreditation Proposals:

- (a) Takes note with appreciation of the in-depth assessment conducted by the Accreditation Panel contained within the relevant annexes for the following applicants:
  - (i) Applicant 001 (APL001) is the Centre de Suivi Ecologique, as contained in Annex IV;
  - (ii) Applicant 002 (APL002) is the Peruvian Trust Fund for National Parks and Protected Areas, as contained in Annex V;
  - (iii) Applicant 003 (APL003) is the Secretariat of the Pacific Regional Environment Programme, as contained in Annex VI;
  - (iv) Applicant 004 (APL004) is Acumen Fund, Inc., as contained in Annex VII;
  - (v) Applicant 005 (APL005) is the Asian Development Bank, as contained in Annex VIII;
  - (vi) Applicant 006 (APL006) is Kreditanstalt für Wiederaufbau, as contained in Annex IX; and
  - (vii) Applicant 007 (APL007) is the United Nations Development Programme, as contained in Annex X;
- (b) Accredits APL001, APL002, APL003, APL004, APL005, APL006 and APL007, pursuant to paragraph 45 of the Governing Instrument for the Green Climate Fund, and subject to, and in accordance with, the assessment by the Accreditation Panel contained in the relevant annexes for each of the applicant entities;
- (c) Requests the Secretariat to inform the national designated authorities and focal points whenever an entity is accredited for operation in their country, and encourages the accredited entities to make contact with the national designated authority or focal point when they intend to operate outside the country(countries) that nominated them;
- (d) Encourages the timely implementation of the accreditation framework and requests the Secretariat to pay special attention to the priority needs of developing countries, emphasizing readiness support to national and regional entities that request it, including those eligible for fast-tracking;
- (e) Requests the Secretariat to invite national and regional entities that are operating at scale to apply for accreditation to the Green Climate Fund in coordination with their national designated authority or focal point, as appropriate, to ensure country ownership and promote direct access to funding as envisaged under the Governing Instrument for the Fund;
- (f) Also requests the Secretariat to use best efforts to have applications ready for consideration and possible decision on accreditation by the Board at its tenth meeting;

- (g) Further requests the Secretariat to aim to achieve a balance of diversity, including equitable representation of different geographical/regional areas, in the list of entities considered for accreditation at the tenth meeting of the Board, between direct access entities, including some operating at scale, private entities and international entities;
- (h) Requests the Secretariat, in consultation with the Accreditation Panel, when implementing decision B08/03, paragraph (k), to provide recommendations for the fast-tracking of national, regional and private sector entities; and
- (i) Also requests the Secretariat to publish the assessment methodology and the questions used in the assessment of accreditation applications.

(Note: Annexes IV to X mentioned in decision B.09/07 can be found at the following link:

[https://www.greenclimate.fund/documents/20182/24949/GCF\\_B.09\\_23\\_-\\_Decisions\\_of\\_the\\_Board\\_Ninth\\_Meeting\\_of\\_the\\_Board\\_24\\_-\\_26\\_March\\_2015.pdf/2f71ce99-7aef-4b04-8799-15975a1f66ef](https://www.greenclimate.fund/documents/20182/24949/GCF_B.09_23_-_Decisions_of_the_Board_Ninth_Meeting_of_the_Board_24_-_26_March_2015.pdf/2f71ce99-7aef-4b04-8799-15975a1f66ef))

### **\*DECISION B.08/06: Applications for accreditation to the GCF**

The Board, having reviewed document GCF/B.08/06 Application Documents for Submissions of Applications for Accreditation and recalling decision B.07/02, paragraph (r):

- (a) Adopts the content of the application for accreditation to the Green Climate Fund set out in Annex VII;
- (b) Requests the Secretariat to finalize the relevant accreditation application documents and open a call for submissions of accreditation applications from implementing entities and intermediaries within four weeks after the eighth meeting of the Board, and use best efforts to have applications ready for consideration and possible decision on accreditation by the Board at its ninth meeting; and
- (c) Requests the Secretariat, recognizing that applications and supporting information will be initially submitted in English, to work on a way to allow for the submission of applications in other United Nations official languages with due consideration of implications in terms of cost and complexity.

#### Annex VII: Content of the application documents for submissions of applications for accreditation to the Green Climate Fund

##### **I. Purpose**

1. The purpose of the content of the application for accreditation to the Fund is to define the information required for an applicant entity to complete in order for it to apply for accreditation to the Fund. The application form and application guidance will be developed by the Secretariat based on this document. The fit-for-purpose approach to accreditation will be applied in the assessment of applications.
2. An applicant entity can submit only one application at a time for accreditation to the Fund.
3. Applications must be completed and submitted in accepted languages. Accepted languages include English. Official languages used at the United Nations<sup>1</sup> will be introduced as accepted languages as soon as it is feasible. Until languages other than English are accepted, all supporting documentation submitted must be in English.
4. The applicant entity may provide documentation in support of their application. The Secretariat (at Stage I of the accreditation process) and the Accreditation Panel (at Stage II of the accreditation process) decide whether the supporting documentation submitted by the applicant entity is deemed sufficient.
5. The applicant entity should provide documentation on their track-record throughout the application. Track record may include, but is not limited to, information on climate change-related projects or activities already undertaken.

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<sup>1</sup> Official languages used at the United Nations are Arabic, Chinese, English, French, Russian and Spanish. Available at <http://www.un.org/en/aboutun/languages.shtml>.

### II. Key sections to be included in the application for accreditation

6. At a minimum, the application for accreditation to the Fund should include the following key sections to be completed by the applicant entity:

- (a) Application number and processing information;
- (b) Background and contact information of the applicant entity;
- (c) Information on the scope of intended activities and estimated contribution requested for an individual project or activity;
- (d) Information on how the institution and its intended activities will contribute to advancing the objectives of the Fund;
- (e) Basic fiduciary criteria;
- (f) Specialized fiduciary criteria;
- (g) Environmental and social safeguards (ESS); and
- (h) Gender.

### III. Application number and processing information

7. Each application for accreditation will automatically be assigned an application number based on the date and time of receipt by the Secretariat to begin Stage I of the accreditation process.

### IV. Background and contact information of the applicant entity

8. The section on background and contact information is applicable to all applicant entities and is to be completed with the required information and supported with other documentation as necessary.

9. At a minimum, the application for accreditation should include the following items related to the background and contact information of the applicant entity:

- (a) Legal name of the applicant entity;
- (b) Institution type, size and core business (e.g. international, regional, national, or sub-national levels; public, private, and other institutions);
- (c) Registered address of the applicant entity;
- (d) Website of the applicant entity, if applicable;
- (e) First and last names of the primary and secondary contact points of the applicant entity;
- (f) Emails of the primary and secondary contact points of the applicant entity;
- (g) Telephone numbers of the primary and secondary contact points of the applicant entity; and
- (h) Fax numbers of the primary and secondary contact points of the applicant entity.

### V. Information on scope of intended activities and estimated contribution requested for an individual project or activity

10. The section on information on the scope of intended activities and the estimated contribution requested for an individual project or activity is applicable to all applicant entities and is to be completed with the required information and supported with other documentation as necessary.

11. The application for accreditation includes the following items related to the intended activities to be undertaken and the contribution requested by the applicant entity:

- (a) Type (sector, such as energy or transport, etc.), theme (e.g. mitigation or adaptation), size (e.g. scale), and risk level (related to environmental and social risk) of intended activities to be undertaken using the Fund's resources. The information provided in this section should be estimated and will be used to provide an early indication of the projects and activities that the entity may undertake. The funding proposals submitted after accreditation will need to include concrete information on the projects and activities;
- (b) Estimated maximum contribution amount for an individual project or activity to be requested from the Fund in US\$ and the type(s) of financial instrument(s) for intended activities. The maximum contribution amount for a project or activity will determine the accreditation fees to be paid by the applicant entity, in accordance with the Policy on Fees for Accreditation to the Fund;<sup>2</sup>

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<sup>2</sup> See Annex VI.

- (c) Sources and types of additional finance for intended activities (if applicable), and how the sources and types of other finance will be applied; and
- (d) Indication of the standards against which the application will be assessed refers to the requirement for the applicant entity to indicate whether their application is to be assessed against the Fund's basic fiduciary standards and ESS, and, if applicable, specialized fiduciary standards (e.g. project management, grant award and/or funding allocation mechanisms, and on-lending and/or blending).

**VI. Information on how the institution and its intended activities will contribute to advancing the objectives of the Fund**

12. The applicant entity will provide a statement detailing how it will contribute to advancing the objectives of the Fund.

**VII. Basic fiduciary criteria**

13. The section on basic fiduciary criteria is applicable to all applicant entities and is completed with the required information and supported with other documentation as necessary.

14. The application should demonstrate the following competencies and specific capabilities related to the Fund's initial basic fiduciary criteria as illustrated in Table 1 below.

Table 1: Competencies and specific capabilities required to comply with the Fund's initial basic fiduciary standards

Competency	Areas in which capabilities are required
Key administrative and financial capacities	<ul style="list-style-type: none"> <li>• General management and administration</li> <li>• Financial management and accounting</li> <li>• Internal and external auditing</li> <li>• Control frameworks</li> <li>• Procurement</li> </ul>
Transparency and accountability	<ul style="list-style-type: none"> <li>• Disclosure of conflicts of interest</li> <li>• Code of ethics</li> <li>• Prevention of or handling of financial mismanagement and other forms of malpractice</li> <li>• Investigations</li> <li>• Anti-money laundering and anti-terrorist financing</li> </ul>

**VIII. Section on specialized fiduciary criteria**

15. The section on specialized fiduciary criteria is applicable to any applicant entity seeking accreditation for a specific set of specialized fiduciary criteria and is to be completed with the required information and supported with other documentation as necessary.

16. The application should demonstrate the following competencies and specific capabilities related to the Fund's initial specialized fiduciary criteria as illustrated in Table 2 below.

Table 2: Competencies and specific capabilities required to comply with the Fund's initial specialized fiduciary standards

Competency	Areas in which capabilities are required
Project management	<ul style="list-style-type: none"> <li>• Project preparation and appraisal (from the concept stage to the full funding proposal)</li> <li>• Project oversight and control</li> <li>• Monitoring and evaluation</li> <li>• Project-at-risk systems and associated project risk management</li> </ul>
Grant award and/or funding allocation mechanisms	<ul style="list-style-type: none"> <li>• Grant award procedures</li> <li>• Transparent allocation of financial resources</li> <li>• Public access to information on beneficiaries and results</li> <li>• Good standing with regard to multilateral funding (e.g. through recognized public expenditure reviews)</li> </ul>
On-lending and/or blending	<ul style="list-style-type: none"> <li>• Appropriate registration and/or licensing by a financial oversight body or regulator in the country and/or internationally, as applicable;</li> <li>• Track record, institutional experience and existing arrangements and capacities for on-lending and blending with resources from other international or multilateral sources;</li> </ul>

	<ul style="list-style-type: none"> <li>• Creditworthiness;</li> <li>• Due diligence policies, processes and procedures;</li> <li>• Financial resource management, including analysis of the lending portfolio of the intermediary;</li> <li>• Public access to information on beneficiaries and results;</li> <li>• Investment management, policies and systems, including in relation to portfolio management;</li> <li>• Capacity to channel funds transparently and effectively, and to transfer the Fund's funding advantages to final beneficiaries;</li> <li>• Financial risk management, including asset liability management;</li> <li>• Governance and organizational arrangements, including relationships between the treasury function and the operational side (front desk).</li> </ul>
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**IX. Environmental and social safeguards**

17. The section on ESS is applicable to all applicant entities and is to be completed with the required information and supported with other documentation as necessary.

18. The application should demonstrate the following competency and specific capabilities related to the Fund's initial ESS as illustrated in Table 3 below.

Table 3: Competencies and specific capabilities required to comply with the Fund's initial ESS

Competency	Areas in which capabilities are required
Assessment and management of environmental and social risks and impacts	Develop an environmental and social management system (ESMS) to consistently implement Performance Standards 1-8; <sup>3</sup> the ESMS includes the following elements: <ul style="list-style-type: none"> <li>• A policy;</li> <li>• A process to identify risks and impacts consistent with Performance Standards 1-8;</li> <li>• A management programme that manages mitigation measures and actions stemming from the risks and impacts. The management programme should include an identification process consistent with Performance Standards 1-8;</li> <li>• Organizational commitment, capacity and competencies to properly implement Performance Standards 1-8;</li> <li>• A monitoring and review programme to ensure completion of mitigation actions; this should facilitate learning and include reporting on the effectiveness of the ESMS;</li> <li>• External communication channel that facilitates receipt of and response to external inquires.</li> </ul>

**X. Gender**

19. The section on gender is applicable to all applicant entities and is completed with the required information and supported with other documentation as necessary.

20. The application should demonstrate the following competency and specific capabilities related to the Fund's Gender Policy,<sup>4</sup> which is required for accreditation (see Table 4):

Table 4: Competencies and specific capabilities required to comply with the Fund's Gender Policy

Competency	Areas in which capabilities are required
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<sup>3</sup> Annex III of document GCF/B.07/11.

<sup>4</sup> To be considered by the Board as Annex II to document GCF/B.08/19.

\*Annex I and II mentioned in decision B.21/01 were distributed to the Board on a limited distribution basis.

Gender	Demonstrate: (a) Competencies, policies and procedures to implement the Fund’s Gender Policy; and (b) Experience in gender and climate change, including a track record on lending to both women and men.
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**XI. Additional considerations:**

21. The Accreditation Panel, with the support of the Secretariat, can from time to time and as required call for a review and amend the content of the application for accreditation to the Fund.
22. The Accreditation Panel, with the support of the Secretariat, determines the format of the application template containing at a minimum the content identified within this document.

## ACCREDITATION MASTER AGREEMENTS

### \*DECISION B.23/15 (d): Amendment of the accreditation master agreement template

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”:

- (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.

### \*DECISION B.21/01: Changes to Accreditation Master Agreements

The Board, having considered document GCF/B.21/21/Add.01 titled “Status of accreditation master agreements and funded activity agreements”:

- (a) Takes note with appreciation of the progress made by the Secretariat in executing accreditation master agreements;
- (b) Also notes the text of the accreditation master agreement agreed with the Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden N.V. (FMO), as contained in annex I\*, which marks the changes against the template accreditation master agreement;

- (c) Approves the substantive changes in the accreditation master agreement agreed with the Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden N.V. (FMO) from the template accreditation master agreement set out in annex II\*; and
- (d) Authorizes the Executive Director to negotiate changes, which are in substance similar to those contained in the accreditation master agreement agreed with the Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden N.V. (FMO), to the accreditation master agreements to be entered into with other accredited entities which are similar in nature to the Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden N.V. (FMO), without requiring further Board approval in respect of such changes.

### **DECISION B.17/15: Status of accreditation master agreements and funded activity agreements**

The Board, having considered document GCF/B.17/Inf.05 titled “Status of accreditation master agreements and funded activity agreements”:

Requests the Secretariat to report at the eighteenth meeting of the Board the details of the substance and nature of outstanding issues preventing the signature of accreditation master agreements.

### **DECISION B.17/16: Approval of the accreditation master agreement agreed with Conservation International Foundation**

The Board, having reviewed document GCF/B.17/15 titled “Approval of the accreditation master agreement agreed with Conservation International Foundation”:

- (a) Takes note of the text of the accreditation master agreement agreed with Conservation International Foundation, as contained in annex XIX\*, which marks the changes against the template accreditation master agreement;
- (b) Approves the substantive change in the accreditation master agreement agreed with Conservation International Foundation from the template accreditation master agreement as set out in annex XIX;
- (c) Authorizes the Executive Director to negotiate changes, which are in substance similar to those contained in the accreditation master agreement agreed with Conservation International Foundation, to the accreditation master agreement to be entered into with other institutions whose structure, object and purpose is similar to that of Conservation International Foundation without requiring further Board approval in respect of such changes; and
- (d) Authorizes the Secretariat to finalize the negotiation of the third party liability cap with respect to the part of the funded activity to be implemented by Conservation International Foundation under FP026.

(Note: Annex XIX of decision B.17/16 was distributed to the Board on a limited distribution basis)

### **DECISION B.16/06: Accreditation Master Agreements – limited distribution decision**

The Board took note of document GCF/B.16/14 (limited distribution) titled “Status accreditation master agreements: approval AMA with the European Bank for Reconstruction and Development (Recommendations from the Risk Management Committee”.

A limited distribution decision was adopted under this agenda sub-item

**DECISION B.15/11: Accreditation Master Agreements – limited distribution decision**

**DECISION B.15/10: Accreditation Master Agreements – limited distribution decision**

The Board took note of document GCF/B.15/17/Rev.01 (limited distribution) titled “Accreditation master agreements and funded activity agreements” and document GCF/B.15/18 (limited distribution) titled “Approval of the accreditation master agreement agreed with Kreditanstalt für Wiederaufbau (recommendations from the Risk Management Committee)”.

Two limited distribution decisions were adopted under this agenda sub-item.

**DECISION B.14/13: Approval of the accreditation master agreement executed with the UNDP – limited distribution decision**

**DECISION B.14/12: Accreditation master agreements and funded activity agreements – limited distribution decision**

The Board took note of document GCF/B.14/12 (limited distribution) titled “Accreditation master agreements and funded activity agreements” and document GCF/B.14/08/Rev.01 (limited distribution) titled “Approval of the accreditation master agreement executed with the United Nations Development Programme”.

Two limited distribution decisions were adopted under this agenda sub-item:

**DECISION B.13/31: Accreditation Master Agreement – limited distribution decision**

The Board also adopted a limited distribution decision under this agenda item.

**DECISION B.13/30: Action on specific Accreditation Mater Agreements and funded activity agreements**

The Board, having considered document GCF/B.13/19 (limited distribution) titled “Accreditation master agreements and funded activity agreements”,

- (a) Decides to approve the amendments from the accreditation master agreement with Acumen Fund, Inc. in respect of the implementation of FP005, as set out in annex VI;
- (b) Requests the Executive Director or her designee to conclude negotiations with Acumen Fund, Inc., on the funded activity agreement and its related legal arrangements for the implementation of FP005 and to execute these in such form and substance as she deems appropriate, and expresses its full support for the outcome of the negotiations on the relevant legal arrangements; and
- (c) Decides, with reference to decision B.BM-2016/07 (limited distribution), to extend the deadline up to 180 days after the date of effectiveness of the relevant accreditation master agreement or the date of this decision, whichever is later, for entering into the funded activity agreements for the following funding proposals:
  - (i) FP001 (Profonanpe, Peru);
  - (ii) FP002 (United Nations Development Programme, Malawi);
  - (iii) FP003 (Centre de Suivi Écologique, Senegal);
  - (iv) FP005 (Acumen Fund, Inc., East Africa); and
  - (v) FP007 (United Nations Development Programme, Maldives).

**Annex VI: Amendments to the template accreditation master agreement for Acumen Fund, Inc.**

1. Reporting:

## Chapter II: Accreditation and Reaccreditation

Table 1. Deviations from reporting requirements in the accreditation master agreement

Report	AMA clause	Description of change
Annual performance report	15.02(a)	The obligations set out in clause 15.02 of the accreditation master agreement (AMA) will be covered in the annual report submitted by the KawiSafi Fund pursuant to the fund documentation, supplemented by additional information requested in clause 15.02(a) to be provided by the accredited entity
Disbursement report	17.02(a)(i)	The obligations set out in Clause 17.02(a)(i) of the AMA will be covered in the quarterly and annual reports submitted by the KawiSafi Fund pursuant to the fund documentation
Reflowed funds report	17.02(a)(iv)	The obligations set out in Clause 17.02(a)(iv) of the AMA will be covered in the quarterly and annual reports submitted by the KawiSafi Fund pursuant to the fund documentation
Statement of investment income	17.02(a)(v)	The obligations set out in Clause 17.02(a)(v) of the AMA will be covered in the quarterly and annual reports submitted by the KawiSafi Fund pursuant to the fund documentation
Unaudited annual financial statement	17.02(b)	Quarterly unaudited financial statements will be provided within two months of the end of each quarter for the first three quarters, and within three months after the end of the GCF fiscal year for the fourth quarter

2. Accredited entity fee and definition of “GCF Proceeds”:

- (a) In relation to Clause 12 of the accreditation master agreement (AMA), the accredited entity acknowledges and agrees that it shall not receive any fees from the GCF in connection with the funded activity. The only fees that have been approved in connection with the funded activity are the fees payable to the KawiSafi Manager, as set out in the funding proposal; and
- (b) For the avoidance of doubt, the definition of “GCF Proceeds” shall not be deemed to include the fees payable to the KawiSafi Manager.

3. Definition of “GCF Account”: The “GCF Account” shall be the Mauritius-based HSBC bank account set up by the KawiSafi Fund to receive investor capital calls, including from the GCF, in connection with the funded activity, subject to the provisions of section 6(g) of the AMA.

4. For the purposes of the funded activity, the executing entity shall be the KawiSafi Fund, represented by the KawiSafi Manager. The KawiSafi Manager shall enter into a subsidiary agreement with the accredited entity pursuant to the AMA, whereby the accredited entity shall delegate to the KawiSafi Manager, and the KawiSafi Manager shall accept, the responsibilities and obligations with respect to the funded activity as required under the AMA (the “Subsidiary Agreement”). For the avoidance of doubt, the KawiSafi Manager acknowledges and accepts the privileges and immunities of the GCF in the terms set out in clause 27.01 of the AMA.

5. Clause 23.05 of the AMA shall be revised to read as follows:

“The Accredited Entity shall, to the extent permitted by applicable laws and regulations, use its best efforts to ensure (including in any agreement with the KawiSafi Manager) that any greenhouse gas emission reduction (e.g. in emissions by sources or an enhancement of removal by sinks) counted as having been achieved by the Funded Activity shall not be converted into any offset credits or units generated thereby, or if so converted, will be retired without allowing any other emissions of greenhouse gases to be offset.”

### DECISION B.13/29: Accreditation Master Agreements and funded activity agreements

The Board, having considered document GCF/B.13/19 (limited distribution) titled “Accreditation master agreements and funded activity agreements”,

- (a) Takes note with appreciation of the progress made by the Executive Director in executing accreditation master agreements;
- (b) Notes the progress made by the Secretariat in negotiating changes to the accreditation master agreement template so as to meet the unique circumstances and requirements of specific accredited entities, and notes in particular the specific issues it has highlighted for the Board in document GCF/B.13/19 as potential “substantive changes” from the accreditation master agreement template;

- (c) Recognizes the need to conclude the outstanding accreditation master agreements with urgency, and notes the flexibility provided by the Board in decision B.12/31 in that regard, in which it noted that the template accreditation master agreement was a basis for negotiations and provided a process for the resolution and Board approval of “substantive changes” from the template accreditation master agreement with recourse to the Board, where appropriate;
- (d) Reiterates the process as set out in decision B.12/31 for addressing substantive changes from the template accreditation master agreement, clarifies that provisions which contradict a Board-approved policy are substantive changes, and further clarifies that other changes that, in the judgment of the Executive Director, materially affect the terms of the template accreditation master agreement are to be addressed through the process set out in such a decision;
- (e) Requests that the Secretariat, on behalf of the GCF, conclude pending accreditation master agreements as a matter of urgency, recognizing the potential contribution of each agreement towards approved projects and the functioning of the project pipeline;
- (f) Decides, in this regard, that pending agreements for which negotiations are concluded prior to the fourteenth meeting of the Board and for which recourse to the Board is required under decision B.12/31 should be promptly submitted for approval by the Board under the no-objection procedure established for decisions between meetings as set out in paragraphs 41–44 of the Rules of Procedures of the Board;
- (g) Urges the Secretariat to consider how to expedite the approval of outstanding accreditation master agreements, and to report to the Board at its fourteenth meeting with any requests for Board action in this regard; and
- (h) Also urges all relevant parties to continue to work in good faith taking into consideration Board approved policies to finalize negotiations on outstanding accreditation master agreements.

**DECISION B.13/19: Consideration of Strategy on Accreditation**

The Board, having considered document GCF/B.13/12 titled “Strategy on accreditation”:

- (a) Takes note of the work of the Accreditation Committee on document GCF/B.13/12; and
- (b) Requests the Accreditation Committee to take into consideration feedback received at the thirteenth meeting of the Board and to continue to revise document GCF/B.13/12 for presentation at the fourteenth meeting of the Board.

**\*DECISION B.12/31: Accreditation Master Agreements**

The Board, having reviewed document GCF/B.12/23 titled “Template Accreditation Master Agreement”:

- (a) Takes note of the information provided by the Secretariat in document GCF/B.12/23 and of the progress made to date by the GCF in engaging with accredited entities on the execution of Accreditation Master Agreements;
- (b) Considers the template Accreditation Master Agreement as set out in annex XXVI adequate for completing stage III of the accreditation process;
- (c) Acknowledges that substantive changes from the template Accreditation Master Agreement may be necessary on a case-by-case basis as a consequence of negotiations with accredited entities, which will each have unique circumstances and requirements that may need to be taken into account. The Accreditation Master Agreement template should be considered flexible enough to ensure executed Accreditation Master

- Agreements are fit for purpose;
- (d) Requests the Executive Director to regard the template Accreditation Master Agreement as the basis for negotiations with accredited entities. The Executive Director will determine, in consultation with the risk and legal teams, and the Risk Management Committee, whether or not a change is considered substantive on a case-by-case basis, and would require Board approval;
  - (e) Decides to approve the policy guidance, to be deemed substantive under paragraph (d) above in respect of Accreditation Master Agreements as set out in annex XXVII;
  - (f) Requests the Executive Director, as a matter of urgency, to prioritize the execution of Accreditation Master Agreements with those entities accredited by the Board, and to remain in regular communication with the Co-Chairs between formal meetings on progress made to that end;
  - (g) Affirms the importance and urgency for the Fund to have adequate policies addressing fraud, corruption and other prohibited practices and policies addressing anti-money laundering and countering the financing of terrorism;
  - (h) Decides to adopt the General Principles on Prohibited Practices, as presented in Exhibit A of the template Accreditation Master Agreement, as the Fund's interim policy on prohibited practices to be observed by accredited entities, and readiness partners;
  - (i) Requests the Risk Management Committee, with the support of the Secretariat, to further develop the Fund's Policies on prohibited practices for consideration by the Board at its fourteenth meeting;
  - (j) Also requests the Risk Management Committee, with support of the Secretariat, to develop processes and tools to implement the Fund's interim policy, taking into account staffing and resources; and
  - (k) Notes that the Secretariat has been mandated to pursue, as a matter of urgency, entering into bilateral agreements with countries in which the Fund operates on privileges and immunities reflecting prudent international practice, consistent with decision B.08/24 and the guidance of the Conference of the Parties in United Nations Framework Convention on Climate Change decision 7/CP.20, paragraph 21.

(Note: Annex XXVI mentioned in decision B.12/31 can be found at the following link:

[https://www.greenclimate.fund/documents/20182/184476/GCF\\_B.12\\_32\\_-\\_Decisions\\_of\\_the\\_Board\\_Twelfth\\_Meeting\\_of\\_the\\_Board\\_8\\_10\\_March\\_2016.pdf/020edfa1-53b2-4abf-af78-fccf5628db2a](https://www.greenclimate.fund/documents/20182/184476/GCF_B.12_32_-_Decisions_of_the_Board_Twelfth_Meeting_of_the_Board_8_10_March_2016.pdf/020edfa1-53b2-4abf-af78-fccf5628db2a).

The interim policy approved by the Board as reflected in sub-paragraph (h) has been replaced by the policy approved by Decision B.22/19, see \*DECISION B.22/19: Adoption of Policy on Prohibited Practices)

### Annex XXVII: Additional policy guidance for the purpose of accreditation master agreements

#### **I. Liability**

The contractual liability of the Fund should be limited to the funding amounts approved by the Board in respect of funding and applicable fees.

#### **II. Due Diligence**

The Fund relies on the due diligence and the risks assessments performed by the accredited entity and presented to the Fund in the relevant funding proposal. However, the Fund reserved the right to ask for additional information, clarification and documents from the accredited entity. Where funding does not flow through the accredited entity, the Fund will also perform its own legal due diligence on funding structures involving direct relationship with third parties.

#### **III. Confidentiality**

The Fund will take necessary steps to accommodate the confidentiality requirements of accredited entities.

#### **IV. Grievance Mechanism**

The Fund and the accredited entity shall cooperate to the fullest extent possible to address grievances by communities and people who have been directly affected by the adverse impacts of funded activities approved by

the Board, whereby the independent redress mechanism of the Fund shall be complementary to the similar mechanism of the accredited entity which will be the primary responsible body to assess and decide on grievances.

**V. Time frame for Final Funding Approval**

The Board will grant additional time where it is satisfied on a case-by-case basis that the accredited entity is taking reasonable steps to comply with the timeframes outlined in its executed AMA.

## CHAPTER III. FUNDING WINDOWS/PROGRAMMES

### MITIGATION AND ADAPTATION

#### **\*DECISION B.13/09: Support for Adaptation Planning Processes including National Adaptation Plans**

The Board, having considered document GCF/B.13/05 titled “Adaptation planning processes”:

- (a) Decides to expedite support for developing countries for the formulation of national adaptation plans, on the basis of the paragraphs below and consistent with United Nations Framework Convention on Climate Change decisions 1/CP.16, 5/CP.17 and United Nations Framework Convention on Climate Change decision 1/CP.21, paragraph 46, and for the subsequent implementation of projects, policies and programmes identified by them;
- (b) Recalls the decision B.06/06 aim for a 50:50 balance between mitigation and adaptation over time on a grant equivalent basis; and also recalls paragraph 40 of the Governing Instrument for the GCF that states that the GCF will provide resources for readiness and preparatory activities, including for national adaptation plans; and that paragraph 36 of the Governing Instrument states that the GCF will support developing countries in pursuing project-based and programmatic approaches in accordance with climate change strategies and plans, such as national adaptation plans;
- (c) Invites national designated authorities and focal points to collaborate with readiness delivery partners and accredited entities, as appropriate, in order to submit requests for support to formulate their respective national adaptation plans and/or other adaptation planning processes;
- (d) Also invites accredited entities to collaborate with respective developing countries in preparing project and programme concept notes, funding proposals, and Project Preparation Facility requests, in order to implement adaptation actions identified in national adaptation plans and/or other adaptation planning processes, as appropriate;
- (e) Decides that, given the urgent need to support and expedite the formulation and implementation of national adaptation plans and other adaptation planning processes, the Executive Director can approve up to USD 3 million per country through the GCF Readiness and Preparatory Support Programme modalities, in order to support the formulation of national adaptation plans and/or other national adaptation planning processes based on his/her assessment of country circumstances and needs, and taking into consideration the United Nations Framework Convention on Climate Change national adaptation plan technical guidelines and the importance of coordination and complementarity with other national adaptation plan related initiatives and support;
- (f) Also decides that support for the formulation of national adaptation plans or other adaptation planning processes should be established as a separate activity area of the Readiness and Preparatory Support Programme, specifically for the formulation of national adaptation plans and/or other national adaptation planning processes, and that funding for this new activity area is additional to the existing USD 1 million cap per country per year under the Readiness and Preparatory Support Programme (see decision B.13/27);
- (g) Recognizes that accredited entities can bring forward programmatic approaches for the formulation of multi-country national adaptation plans and/or other adaptation planning processes under the project approval process, for countries not already in receipt of funding under the activities outlined in paragraph (e) above;

- (h) Requests the Secretariat to revise the existing Readiness and Preparatory Support Programme templates and processes for the purposes set out in paragraphs (d)–(f) above;
- (i) Takes note of the importance of the GCF in supporting the formulation and implementation of adaptation planning processes and the implementation of actions under the Paris Agreement once it enters into force, in particular in relation to Article 7, paragraph 9, of the Paris Agreement;
- (j) Requests the Secretariat to continue to engage with the Adaptation Committee and the Least Developed Countries Expert Group in improving access to financial support for the process to formulate and implement national adaptation plans and/or national adaptation plans; and
- (k) Decides to review the progress of expediting support for developing countries for the formulation of national adaptation plans and/or other adaptation planning processes and requests the secretariat to present its findings in its report to the Board on the Readiness and Preparatory Support Programme, including any recommendations for further action.

**\*DECISION B.08/07: Adoption of mitigation and adaptation performance measurement frameworks and view to initiating project and programme decisions**

The Board, having considered GCF/B.08/07 Further Development of the Initial Results Management Framework,

**Regarding agenda item 7 (a), (f) and (g):**

- (a) Adopts the proposed mitigation and adaptation performance measurement frameworks (PMFs) as outlined in Annex VIII, that decides on certain indicators as identified, and takes note of other indicators that require further refinement;
- (b) Requests the Secretariat to further develop those indicators that need refinement for Board consideration;
- (c) Takes note that the Secretariat will further develop methodologies for the indicators in consultation with the relevant experts and thematic bodies and will refine them as necessary based on experience gained and lessons learned over time;
- (d) Takes note that the Secretariat will further develop the PMF's gender-sensitive approach;
- (e) Affirms that any national, economic, and sector-wide indicators will be used only at the discretion of the recipient countries;
- (f) Takes note of the initial approach to the monitoring and evaluation policy contained in Annex IX;
- (g) Reiterates that the Fund, as a continuous learning institution, will maintain the flexibility to refine its PMFs, including indicators;

**Regarding agenda item 7 (c), (d) and (e):**

- (h) Takes note of the initial overview of the role and expected impact of the Fund's initial results areas as contained in document GCF/B.08/07;
- (i) Also notes the Board's decision GCF/ B.04/04 that countries will identify their priority results areas in line with their national strategies and plans;
- (j) Further notes the Board's decision that the initial approvals process recognizes the importance of the Board approving programmes and projects that best meet the Fund's objectives as contained in decision GCF/B.07/08 paragraph (b);
- (k) Decides that the Board will aim to start taking decisions on programme and project proposals no later than its third meeting 2015;

- (l) Requests the Secretariat to complete the analysis of the expected role and impact of the Fund's initial results areas and present for consideration by the Board options for determining Board level investment portfolios across the structure of the Fund based on the resource level outcomes of the initial resource mobilization process; and
- (m) Requests the impact analysis of the Fund's initial results areas to focus on, inter alia:
  - (i) The identification of appropriate type of investment opportunities in the Fund's results areas that can achieve paradigm shift towards low-emission and climate-resilient pathways; and
  - (ii) What impacts the Fund can/will generate in (each of) the initial result areas that would advance the Green Climate Fund's initial investment criteria and sub-criteria, and are not currently being adequately supported by existing finance channels

### Annex VIII: Mitigation and adaptation performance measurement frameworks

1. The mitigation and adaptation performance measurement frameworks (PMFs) have been designed to measure the results of the Fund and, where appropriate, to serve as the basis for results-based payments, in accordance with any further guidance from the Board.
  2. The methodologies for the indicators identified in the PMF will be identified in line with the initial approach to the monitoring and evaluation policy as outlined in Annex II. Gender disaggregation for the indicators will be applied where possible.
  3. The mitigation and adaptation paradigm-shift results will be measured using a combination of quantitative and qualitative information that goes beyond simply aggregating the results' indicators.<sup>1</sup>
  4. Context-specific environmental, social and economic co-benefits can be identified on a project/programme case-by-case basis. Examples include improved public health, improved energy security and improved forest ecosystem health. Sustainable development potential, which entails co-benefits, is part of the investment criteria in the Fund's initial investment framework.
  5. Where applicable, mitigation projects/programmes that also generate adaptation results should report on adaptation indicators (and vice versa for adaptation projects/programmes with mitigation results). For example, a project that primarily intends to improve land and forest areas contributing to emission reductions (result 9.0 in the mitigation PMF) and, by doing so, also contribute to increasing the resilience of the ecosystem (result 4.0 in the adaptation PMF) would report on the relevant indicators for both mitigation and adaptation.
  6. The PMFs include notations where indicator screening based on the experience of other funds to date suggests that gender can be an integral part of reporting and analysis through disaggregated reporting (by gender). In some cases, gender-based data are not typically available or feasible to collect; however, as part of the further development of the indicator methodologies, additional analysis on where gender can be integrated explicitly into additional indicators will be conducted. Furthermore, as described below in chapter III, any additional work on the PMFs will take into consideration the Fund's draft Gender Policy and Action Plan (contained in document GCF/B.08/19).
  7. As pointed out in Board decision B.05/03,<sup>2</sup> the Fund is a continuously learning institution. The PMF results, indicators and associated methodologies will be refined and adapted as needed based on best practices and lessons learned, including to facilitate coherence with and responsiveness to efforts undertaken by countries within the context of the UNFCCC process.
- A. Mitigation performance measurement framework
8. The proposed mitigation PMF in Table 1 is aligned with the mitigation logic model. The proposed associated indicators are listed next to their corresponding objective/impact/outcome. The notes provide information on the proposed methodology, disaggregation and relationship to indicators used by peer funds/agencies. Gender disaggregation for the indicators will be applied where applicable.
  9. The high-level PMF table format is intentionally simple: it does not include specifics that can be added later once the PMF is adopted, such as technical definitions, baselines, data sources, calculation methodologies, reporting format and targets.
  10. Initial methodologies for the three adopted mitigation core indicators are included in Annex V. Once the Board adopts the indicators in the PMF, detailed methodologies, including more specifics on gender, can be identified for these indicators.

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<sup>1</sup> Elements that are expected to be considered include: overall contribution to low-carbon development pathways consistent with a temperature increase of less than 2 degrees (mitigation), overall achievement in contributing to sustainable climate-resilient development pathways (adaptation), the degree to which knowledge and learning are achieved, extent to which the enabling environment is created or enhanced, and extent to which the regulatory framework and policies are strengthened.

<sup>2</sup> In GCF/B.05/23 (paragraph h, page 3).

11. Some of the indicators in this PMF (particularly 1.1, 3.1 and 7.1) involve combining data across sectors so that the indicator matches with the intended results as articulated in the logic model. In these cases, each sector's data will be calculated separately according to methodologies suited for that sector and then totalled

**Table 1: Mitigation performance measurement framework**

☑= Decided

☐ = Noted, but further refinement needed

Expected result	Indicator * = Core	Reporting responsibility (annual reporting)	Notes <sup>3</sup>
<b>Paradigm-shift Objective</b>			
Shift to low- emission sustainable development pathways	☐ Degree to which the Fund is achieving low-emission sustainable development impacts	Secretariat	Proposed assessment based on a combination of quantitative and qualitative information that goes beyond simple aggregation of the results' indicators. Elements to be considered include the overall contribution to low-carbon development pathways, consistent with a temperature increase of less than 2 degrees, the degree to which knowledge and learning are achieved, extent to which the enabling environment is created or enhanced, and extent to which the regulatory framework and policies are strengthened.
<b>Fund-level Impacts</b>			
	☐ <b>Tonnes of carbon dioxide equivalent (t CO2eq) reduced as a result of Fund- funded projects/ programmes</b>	Implementing entities (IEs), intermediaries	Aggregate summation of sector-specific t CO2eq reduction indicators. Intended to be estimated ex-ante and reported annually and ex-post. Methodologies tailored to each sector – see specifics below and in Annex V.
	☐ <b>*Cost per t CO2eq decreased for all Fund- funded mitigation projects/ programmes</b>	IEs/ intermediaries	Intended to help understand anticipated costs (ex-ante) as well as trends in reducing costs of mitigation over time. Costs per t CO2eq reduced are expected to vary based on sector, technology, programme/project context, time scale, risk, etc.
	☐ <b>*Volume of finance leveraged by Fund funding</b>	IEs/ intermediaries	“Leveraged” considered synonymous with the term “mobilized” (used by other funds). Informed by CIF, International Finance Corporation (IFC), and others. Calculations to be disaggregated by public and private sources; prorated by amount of co- financing.
1.0 Reduced emissions through increased low- emission energy access and power generation	☐ 1.1 *Tonnes of carbon dioxide equivalent (t CO2eq) reduced or avoided as a result of Fund- funded projects/programmes –gender-sensitive energy access power generation (sub-indicator)	IEs/ intermediaries	Energy access: - Based on gender-sensitive methodologies used by CIF's Program for Scaling Up Renewable Energy in Low Income Countries (SREP) core indicator 2. Disaggregated by gender. Power generation: - Methods to be informed by multilateral development banks'/international financial institutions' (MDBs/IFIs) GHG accounting harmonization work on energy efficiency and renewable energy; where feasible, gender- disaggregated data to be collected. Can also consider DFID GHG appraisal guidance and the Fund's 2013 energy efficiency guidelines.
2.0 Reduced emissions through increased access to low- emission transport	☐ 2.1 *Tonnes of carbon dioxide equivalent (t CO2eq) reduced or avoided as a result of Fund- funded projects/programmes – low emission gender-sensitive transport (sub-indicator)	IEs/ intermediaries	Public transport: - Specifics to be informed by pending MDB/IFI work on transport GHG accounting harmonization; GEF's 2013 transportation project GHG calculation methodology developed by the Institute for Transportation Development Policy (ITDP) Disaggregated by gender. Vehicle fuels (fuel economy standards): - [If applicable to Fund investments] methods may be

<sup>3</sup> Notes are provided by the Secretariat for information only.

### Chapter III: GCF Funding Windows/Programmes

Expected result	Indicator * = Core	Reporting responsibility (annual reporting)	Notes <sup>3</sup>
3.0 Reduced emissions from buildings, cities, industries and appliances	<input type="checkbox"/> 3.1 *Tonnes of carbon dioxide equivalent (t CO <sub>2</sub> eq) reduced or avoided as a result of Fund-funded projects/programmes – buildings, cities, industries, and appliances sub-indicator	IEs/ intermediaries	informed by the work of International Council on Clean Transportation (ICCT); and by the work of the Women's Issues in Transportation Committee of the US Transport Research Board. Buildings: Informed by MDB/IFI GHG accounting harmonization work on energy efficiency. Cities: Informed by the Global Protocol for Community-Scale Greenhouse Gas Emissions and by the Cities Alliance (currently being developed). Industries: Informed by MDB/IFI GHG accounting harmonization work on energy efficiency. Appliances: Informed by MDB/IFI GHG accounting harmonization work on energy efficiency where applicable. Can also draw upon the GEF's GHG accounting for standards and labelling; CLASP's/Lawrence Berkeley National Laboratory's (LBNL) Policy Analysis Modelling System. Gender disaggregation is to be researched for each sector and included where possible.
4.0 Reduced emissions from land use, deforestation, forest degradation, and through sustainable management of forests and conservation and enhancement of forest carbon stocks	<input type="checkbox"/> 4.1 Tonnes of carbon dioxide equivalent (t CO <sub>2</sub> eq) reduced or avoided (including increased removals) as a result of Fund-funded projects/programmes – forest and land-use sub-indicator	IEs/ intermediaries	Informed by CIF FIP Indicator 1, pending Fund work on the performance framework for REDD+, the Forest Carbon Partnership Facility Methodological Framework (Dec. 2013), UN REDD and emerging United Nations Framework Convention on Climate Change (UNFCCC) guidance on REDD+. Gender disaggregation is to be researched and included if possible.
	<input type="checkbox"/> Social, environmental, economic co-benefit index/indicator at impact level		Co-benefit indicator related to GHG reductions/low-emissions development pathways and sustainable development.  Specifics to be determined.
Project/Programme Outcomes			
	<input type="checkbox"/> Number of technologies and innovative solutions transferred or licensed to support low-emission development as a result of Fund support.	IEs/ intermediaries	Might include number of technology transfer licenses, number of facilities created to produce local technologies, and/or projects/programmes that include transfer of technology and innovative solutions that support low-emission pathways.
5.0 Strengthened institutional and regulatory systems for low-emission planning and development	<input type="checkbox"/> 5.1 Institutional and regulatory systems that improve incentives for low-emission planning and development and their effective implementation	IEs/ intermediaries	Details on this indicator are to be determined. Although this can be informed by GEF Indicator 5, the World Bank's RISE (Readiness for Investment in Sustainable Energy) work, and Bloomberg New Energy Finance (BNEF) Climatescope work, consideration will be made to avoid country and sector-level requirements for this indicator. Consideration should be given to what can be measured at different levels (city, regional, etc.) and what changes can be tied to the work of the Fund, either in an attribution or contribution sense.
	<input type="checkbox"/> 5.2 Number and level of effective coordination mechanisms	IEs/ Intermediaries	Seeks to measure evidence of measures taken for promoting coordination and synergy at the regional and international levels, including between and among relevant agencies and with regard to other multilateral environmental agreements.
6.0 Increased	<input type="checkbox"/> 6.1 Proportion of low-	IEs/	To be determined by recipient countries.

Expected result	Indicator * = Core	Reporting responsibility (annual reporting)	Notes <sup>3</sup>
number of small, medium and large low- emission power suppliers	emission power supply in a jurisdiction or market.	intermediaries	Disaggregated by size of supplier
	<input type="checkbox"/> 6.2 Number of households, and individuals (males and females) with improved access to low-emission energy sources	IEs/ intermediaries	Informed by CIF SREP 2. Disaggregated by males and females. Disaggregated by urban and rural.  To be informed by SE4All. Assumes that it will not be possible to measure improved access from large-grid systems; therefore the data will be linked to off-grid access (e.g., solar panels) and mini-grid systems.
	<input type="checkbox"/> 6.3 MWs of low-emission energy capacity installed, generated and/or rehabilitated as a result of GCF support	IEs/ intermediaries	Informed by CIF CTF and SREP indicators.
7.0 Lower energy intensity of buildings cities, industries, and appliances	<input type="checkbox"/> 7.1 Energy intensity/improved efficiency of buildings, cities, industries and appliances as a result of Fund support.	IEs/ intermediaries	Informed by MDB/IFI GHG accounting harmonization work on energy efficiency; can also be informed by IEA and SE4ALL Global Tracking Framework where relevant.  Will need to be calculated sector-by-sector; different methodologies apply to buildings, cities, industries and appliances.
8.0 Increased use of low carbon transport	<input type="checkbox"/> 8.1 Number of additional female and male passengers using low-carbon transport as a result of Fund support.	IEs/ intermediaries	Informed by CIF CTF indicator 4, pending work by MDBs and IFIs on transport GHG accounting harmonization.  Additional passengers = mode shift To consider underlying reasons for mode shift, such as transit-oriented development  Disaggregated by gender.
	<input type="checkbox"/> 8.2 Vehicle fuel economy and energy source as a result of Fund support.	IEs/ intermediaries	Trends in fuel economy by vehicle class (commercial and passenger plus subclasses by heavy/light duty, weight, etc.) and energy source (e.g. hybrid and all-electric vehicles)  Focuses on vehicles in the private, commercial and government fleets (not public transport or non-motorized transport options).  Details of methodology to be determined: may be by average fuel economy by vehicle class.  Informed by work of the International Energy Agency, the International Council on Clean Transportation, and others
9.0 Improved management of land or forest areas contributing to emissions reductions	<input type="checkbox"/> 9.1 Hectares of land or forests under improved and effective management that contributes to CO2 emission reductions	IEs/ intermediaries	Informed by work on REDD+ performance framework (currently being developed). Can draw on CIF Forest Investment Program (FIP) indicator guidance, Forest Carbon Partnership Facility Monitoring and Evaluation Framework, UN REDD, and UNFCCC guidance.
Project/Programme Outputs	[Defined for each project/programme on a case-by-case basis.]		
Activities	[Defined for each project/programme on a case-by-case basis.]		
Inputs	[Defined for each project/programme on a case-by-case basis.]		

B. Adaptation performance measurement framework

12. The adaptation PMF in Table 2 is aligned with the adaptation logic model. The associated indicators are listed next to their corresponding objective/impact/outcome. The notes provide details of the proposed methodology, disaggregation and equivalency with indicators used by peer funds/agencies.

13. When applicable, an indicator measuring additional financing from public and private sources on adaptation activities can be tracked and reported during project/programme implementation on a case-by-case basis. This indicator would not serve as a decision-making factor when assessing a funding proposal for adaptation.

14. An initial methodology for the adopted adaptation core indicator is included in Annex V. Once the Board adopts the additional indicators in the PMF, detailed methodologies, including more specifics on gender, can be identified for these indicators.

**Table 2: Adaptation performance measurement framework**

= Decided

= Noted, but further refinement needed

Expected result	Indicator * = Core	Reporting responsibility (annual reporting)	Notes <sup>4</sup>
Paradigm-shift Objective			
Increased climate-resilient sustainable development	<input type="checkbox"/> Degree to which the Fund is achieving a climate-resilient sustainable development impact	Secretariat	Proposed assessment based on a combination of quantitative and qualitative information that goes beyond simple aggregation of the results' indicators. Elements to be considered include the overall contribution to sustainable climate- resilient development pathways, the degree to which knowledge and learning are achieved, extent to which the enabling environment is created or enhanced, and extent to which the regulatory framework and policies are strengthened.
Fund-level Impacts			
	<input checked="" type="checkbox"/> * <b>Total Number of direct and indirect beneficiaries; Number of beneficiaries relative to total population</b>	IEs/ intermediaries	The indicator measures the number of people who have received an input of support, where two dimensions of support are considered: targeted and intensity level. Based on these two dimensions, a direct and indirect category of beneficiaries is identified. See Annex V for the methodology. Disaggregated by gender. Informed by Adaptation Fund (core-1); CIF PPCR A1.3.
1.0 Increased resilience and enhanced livelihoods of the most vulnerable people, communities, and regions	<input type="checkbox"/> 1.1 Change in expected losses of lives and economic assets (US\$) due to the impact of extreme climate-related disasters in the geographic area of the GCF intervention	IEs/ intermediaries /country	Disaggregated by vulnerable groups and gender, share of total population.  Analysis of loss of life is separate from analysis of economic losses (lives not to be valued).  Economic losses will be analysed in relation to the size of economies.  Informed by CIF PPCR A1.2.

<sup>4</sup> Notes are provided by the Secretariat for information only.

### Chapter III: GCF Funding Windows/Programmes

Expected result	Indicator * = Core	Reporting responsibility (annual reporting)	Notes <sup>4</sup>
	<input type="checkbox"/> 1.2 Number of males and females benefiting from the adoption of diversified, climate- resilient livelihood options (including fisheries, agriculture, tourism, etc.)	IEs/ intermediaries	Disaggregated by gender; to consider equitable sharing of benefits.  Methodology to consider (e.g., climate- resilient agriculture, sustainable climate- resilient tourism, fisheries, green jobs, etc.)  Informed by Adaptation Fund 6.1, 6.2;
	<input type="checkbox"/> 1.3 Number of Fund-funded projects/programmes that supports effective adaptation to fish stock migration and depletion due to climate change	IEs/ intermediaries	Details to be determined.
2.0 Increased resilience of health and well- being, and food and water security	<input type="checkbox"/> 2.1 Number of males and females benefiting from introduced health measures to respond to climate-sensitive diseases	IEs/ intermediaries	Disaggregated by health measure, disease Disaggregated by gender  Informed by: n/a.
	<input type="checkbox"/> 2.2 Number of food-secure households (in areas/periods at risk of climate change impacts)	IEs/ intermediaries	Disaggregated by male and female-headed households  Informed by CIF PPCR A1.1.
	<input type="checkbox"/> 2.3 Number of males and females with year- round access to reliable and safe water supply despite climate shocks and stresses	IEs/ intermediaries	Disaggregated by gender in relation to domestic, agricultural and industrial sources.  Disaggregated by male and female-headed households for domestic sources.  Informed by CIF PPCR A1.4.
3.0 Increased resilience of infrastructure and the built environment to climate change threats	<input type="checkbox"/> * 3.1 Number and value of physical assets made more resilient to climate variability and change, considering human benefits (reported where applicable)	IEs/ intermediaries	Number will be disaggregated by sector, type of asset, action (constructed or strengthened), etc.  Informed by Adaptation Fund (core-3), LDCF/SCCF 2.  To cover assets associated with climate- vulnerable sectors, such as tourism.
4.0 Improved resilience of ecosystems and ecosystem services	<input type="checkbox"/> 4.1 Coverage/scale of ecosystems protected and strengthened in response to climate variability and change	IEs/ intermediaries	Disaggregated by ecosystem type.  To examine how impact on people can be captured  Informed by Adaptation Fund (core-4); LDCF/SCCF 2.

### Chapter III: GCF Funding Windows/Programmes

Expected result	Indicator * = Core	Reporting responsibility (annual reporting)	Notes <sup>4</sup>
	<input type="checkbox"/> 4.2 Value (US\$) of ecosystem services generated or protected in response to climate change	IEs/ intermediaries	Informed by LDCF/SCCF 2.
Project/Programme Outcomes			
	<input type="checkbox"/> Number of technologies and innovative solutions transferred or licensed to promote climate resilience as a result of Fund support.	IEs/ intermediaries	Might include number of technology transfer licenses, number of facilities created to produce local technologies, and/or projects/programmes that include transfer of technology and innovative solutions that support climate adaptation and resilience.
5.0 Strengthened institutional and regulatory systems for climate-responsive planning and development	<input type="checkbox"/> 5.1 Institutional and regulatory systems that improve incentives for climate resilience and their effective implementation.	IEs/ intermediaries /country	The indicator measures the institutional and regulatory systems that improve incentives for climate resilience and are accompanied by evidence of their effective implementation. The evidence may be a qualitative assessment (e.g. through a standardized scorecard) of the various strategic plans and documents is needed at regular intervals to observe changes in terms of climate change streamlining and quality.  Informed by Adaptation Fund 7; CIF PPCR A2.1, B2 Adaptation Fund 7.1; LDCF/SCCF 12.
	<input type="checkbox"/> 5.2 Number and level of effective coordination mechanisms	IEs/ intermediaries	Seeks to measure evidence of measures taken for promoting coordination and synergy at the regional and international levels, including between and among relevant agencies and with regard to other multilateral environmental agreements.
6.0 Increased generation and use of climate information in decision-making	<input type="checkbox"/> Proposed: 6.2 Use of climate information products/services in decision-making in climate-sensitive sectors	IEs/ intermediaries	Disaggregated by stakeholder (government, private sector, and general population).  This indicator is qualitative in nature and country-specific. It will require an in-depth analysis and/or a scorecard approach to capture the understanding of the political economy determining decisions.  Informed by CIF PPCR B3
7.0 Strengthened adaptive capacity and reduced exposure to climate risks	<input type="checkbox"/> Proposed 7.1: Use by vulnerable households, communities, businesses and public-sector services of Fund-supported tools, instruments, strategies and activities to respond to climate change and variability	IEs/ intermediaries	This indicator is qualitative and/or quantitative in nature and country-specific. The qualitative aspects will require an in-depth analysis or a scorecard approach to determine the extent of progress. Households: disaggregated by male-headed and female-headed  Informed by CIF PPCR B1

Expected result	Indicator * = Core	Reporting responsibility (annual reporting)	Notes <sup>4</sup>
	<input type="checkbox"/> 7.2: Number of males and females reached by [or total geographic coverage of] climate- related early warning systems and other risk reduction measures established/ strengthened	IEs/ intermediaries	An early warning system is perceived as a composite of four dimensions: (1) knowledge on risks, (2) monitoring and warning service, (3) dissemination and communication, (4) response capability.  Disaggregated by hazard and geographical coverage.  Disaggregated by gender.  Informed by Adaptation Fund Core-2, 1.2 and 1.2.1 LDCF/SCCF 2.3
8.0 Strengthened awareness of climate threats and risk-reduction processes	<input type="checkbox"/> 8.1: Number of males and females made aware of climate threats and related appropriate responses	IEs/ intermediaries	Disaggregated by gender. Informed by Adaptation Fund 3.1, 3.2
Project/Programme Outputs	[Defined for each project/programme on a case-by-case basis.]		
Activities	[Defined for each project/programme on a case-by-case basis.]		
Inputs	[Defined for each project/programme on a case-by-case basis.]		

**Annex IX: Initial approach to the monitoring and evaluation policy**

**I. Introduction**

1. This section outlines an initial approach to the monitoring and evaluation (M&E) policy that will be undertaken by the Fund. M&E will be based on results-based management principles and standards.<sup>1</sup> The main objectives of the M&E policy are to:

- (a) Sustain the continuous learning process of the Fund. M&E will provide feedback and lessons to improve project/programme selection, design, implementation, efficiency and performance; and
  - (b) Promote the accountability of the Fund for results.
2. The M&E policy will serve the following purposes:
- (a) Assess the relevance, efficiency, impact, sustainability and effectiveness of the Fund-supported projects/programmes;
  - (b) Track indicators and performance against intended results so that corrective measures can be undertaken in due time;
  - (c) Measure performance and results that could ensure, where appropriate, that results-based payments are employed in accordance with any further guidance from the Board;
  - (d) Identify the underlying conditions and drivers enabling successful, sustained and scaled-up projects/programmes and lessons learned through implementation;
  - (e) Provide information on project/programme risk factors and risk management strategies; and
  - (f) Develop the capacities of the IEs, intermediaries and relevant stakeholders in measuring, monitoring and reporting on the agreed results at the project/programme level.

3. The M&E policy shall define the concepts and role of M&E within the Fund, and it will define the roles and responsibilities of its IEs, intermediaries, EEs, national designated authorities (NDAs), and other relevant stakeholders

<sup>1</sup> Results-based management is defined as “a broad management strategy aimed at achieving improved performance and demonstrable results” UNEG, ‘The Role of Evaluation in Results-based Management’, 21 August 2007. Available at: [http://www.unevaluation.org/papersandpubs/documentdetail.jsp?doc\\_id=87](http://www.unevaluation.org/papersandpubs/documentdetail.jsp?doc_id=87).

and partners in participatory monitoring and other aspects of M&E. The policy will further elaborate the role and responsibilities between the Secretariat and the Independent Evaluation Unit (IEU). The IEU's functions have been defined in IEU terms of reference (ToR) adopted at the sixth Board meeting (see document GCF/B.06/18, Annex III).

4. The Secretariat will have the primary responsibility in developing the monitoring policy, incorporating the lessons learned from the Fund's portfolio monitoring, and reviewing the M&E requirements in the Fund-supported project and programme proposals. The IEU will be responsible for defining the evaluation policy and, together with the Secretariat, contributing to the Fund's knowledge management process.

### II. Monitoring and evaluation

#### 2.1 Monitoring

5. Monitoring is defined as a continuous process that collects and analyses data and information from the Fund-supported projects/programmes for the purpose of identifying progress on activities and expected results.

6. Monitoring will help provide the Fund with information regarding the extent to which a supported project or programme has achieved the agreed results and objectives. The information can be used for decision-making and taking corrective actions (adaptive management). It can also be fed into evaluations and overarching learning processes.

7. Monitoring will be carried out at all levels, from project/programme to portfolio level. The Secretariat will further elaborate monitoring guidelines, which will cover:

- (a) Definitions for relevant terminology;
- (b) Principles, standards, criteria and minimum requirements for results-oriented monitoring following the guidance of good practices adopted by other international organizations and funds;
- (c) Identification of the methodologies for the indicators agreed in the mitigation and adaptation PMFs;
- (d) Design of the multi-level monitoring and reporting system identifying the flow of information from projects/programmes level to outcome, impact and paradigm-shift levels, including reporting responsibilities and how, where applicable, indicators will be aggregated;

8. The monitoring guidelines are intended to be a living document that will be updated as lessons learned and feedback from the implementation of projects/programmes becomes available.

9. The Secretariat will provide an online information management system that will support the overall capacity of the Fund and its knowledge management needs, including indicator tracking.

10. The Secretariat will provide, as needed, support for building the monitoring capacities of IEs, intermediaries and relevant partners involved in the implementation of Fund-supported projects/programmes. The Secretariat, as needed, can provide back-up services for conducting internal process evaluations to inform ongoing projects/programmes on corrective measures and areas that need attention.

11. The Secretariat will ensure that the lessons learned from the monitoring practice will feed into the organization's knowledge management for improved internal management performances, information/knowledge-sharing and continuous learning. This will support the design of future projects/programmes and further improvements to the results management framework.

12. The Secretariat will seek to explore opportunities to enhance and promote learning in the M&E process. This will support countries in enhancing their own efforts. Formal and informal learning is a key part of M&E and should be encouraged, including through creating the necessarily enabling environment, drawing from different sources of knowledge, establishing respective communication channels and incentives, building in and budgeting for learning, and involving relevant stakeholders including communities and civil society.

13. The Secretariat will collaborate with relevant expert groups under the UNFCCC to ensure coherence with and effectiveness in the monitoring, reporting, learning and evaluation of multiple initiatives under the Convention.

#### 2.2 Evaluation

14. Evaluation is defined as a systematic and impartial assessment of projects/programmes. Evaluations have a range of objectives, and for the Fund, they will focus on determining the relevance, efficiency, effectiveness and sustainability of its supported projects and programmes. Evaluation will draw upon the Fund's monitoring and may involve separate data collection and analysis for each specific evaluation case.

15. The IEU will be responsible for developing and updating the evaluation policy of the Fund, as indicated in its ToR. Although each evaluation will have a fit-for-purpose design intended to serve specific objectives; an overarching anticipated use for evaluations is to identify findings and lessons learned that can inform project/programme design and implementation to improve the quality of Fund programming and enhance results.

16. The types of evaluation, as envisioned in the IEU's ToR, include:

- (a) Country-portfolio evaluations;

- (b) Thematic evaluations of the different types of activities that the Fund will finance;
  - (c) Evaluations of project-based and programmatic approaches in accordance with climate change strategies and plans; and
  - (d) Independent assessment of the overall performance of the Fund commissioned by the Conference of Parties.
17. Additional uses of independent evaluation can be determined on a case-by-case basis. For example, formative (mid-course) evaluations can inform ongoing implementation and processes of a particular project; ex-post results-oriented evaluations would inform whether the results are in line with project goals, and portfolio-level evaluations would inform investment strategies.

**DECISION B.07/08 (a) to (d): Initial modalities for the operation of the Fund's Mitigation and Adaptation Windows and the Private Sector Facility**

The Board, having reviewed document GCF/B.07/08 Initial Modalities for the Operation of the Fund's Mitigation and Adaptation Windows and the Private Sector Facility:

- (a) Takes note of document GCF/B.07/08;
- (b) Affirms the initial modalities for the operation of the Fund's mitigation and adaptation windows and the Private Sector Facility (PSF) as reflected in the Governing Instrument, and the decisions of the Board and of the Conference of the Parties to the United Nations Framework Convention on Climate Change listed in Annex XVI;
- (c) Recognizes that the mitigation and adaptation windows and the PSF are integral components of the Fund that will evolve over time;
- (d) Decides to undertake a review of the initial modalities for the operation of the Fund's mitigation and adaptation windows and the PSF, no later than three years after the initial resource mobilization of the Fund;

(Note: The full text of decision B.07/08 and its annex could be located under the Private Sector Facility section, see \*DECISION B.07/08: Initial modalities for the operation of the Fund's Mitigation and Adaptation Windows and the Private Sector Facility )

**DECISION B.06/05: Further development of adaptation result areas and indicators**

The Board, having considered document GCF/B.06/03 Additional Result Areas and Indicators for Adaptation Activities:

Requests the Secretariat to further develop the proposals for adaptation result areas and indicators in conjunction with the Fund's results management framework, taking into account the comments made by the Board.

**DECISION B.06/04: Consideration of initial modalities for the Fund's Mitigation and Adaptation Windows and the Private Sector Facility**

The Board, having considered document GCF/B.06/02 Initial Modalities for the Operation of the Fund's Mitigation and Adaptation Windows and the Private Sector Facility:

- (a) Notes that the initial modalities for the operation of the Fund's mitigation and adaptation windows and the Private Sector Facility are under discussion by the Board according to the items as set out in document GCF/B.06/02. In addition, modalities for the operation of the Fund's Private Sector Facility will be developed based on the recommendations of the Private Sector Advisory Group;
- (b) Decides that a conclusion on the initial modalities of the Fund can only be reached at the end of the May 2014 Board meeting, once the Board has completed its deliberations on the different elements that constitute the modalities;
- (c) Decides that the Board will continue considering the initial modalities for the operation of the Fund's mitigation and adaptation windows and the Private Sector Facility at its May

2014 meeting, based on a revised document, taking into consideration the views expressed during this meeting.

### **PRIVATE SECTOR FACILITY**

#### **DECISION B.BM-2019/10: Extension of the terms of the external members of the the Private Sector Advisory Group**

The Board, having considered the document GCF/BM-2019/10 titled “Extension of the terms of the external members of the Private Sector Advisory Group” and through a decision taken between meetings on a no-objection basis:

- (a) Takes note that the current terms of external members of the Private Sector Advisory Group end on 30 June 2019; and
- (b) Decides, on an exceptional basis and without prejudice to any future decisions of the Board regarding the appointment of external members of the Private Sector Advisory Group, to extend the terms of the following external members of the Private Sector Advisory Group until 30 March 2020 or the date on which the Board finalizes the review of the effectiveness of committees and group established by the Board of the GCF pursuant to decision B.20/04, paragraph (b), whichever occurs earlier:
  - (i) Mr. Dipal Chandra Barua;
  - (ii) Mr. Jay Koh;
  - (iii) Mr. Gerry Lemcke;
  - (iv) Mr. Torben Moger Pedersen;
  - (v) Mr. Aurelio Souza;
  - (vi) Mr. Hiroyuki Tezuka;
  - (vii) Mr. Rodrigo Violic;
  - (viii) Mr. Inderpreet Wadhwa; and
  - (ix) Mr. Kevin Whitfield.

#### **DECISION B.BM-2019/02 (f): Appointment of members to the Private Sector Advisory Group**

The Board, having considered the document GCF/BM-2019/04 titled “Appointment of members to committees and group of the Board”:

- (f) Further appoints as members of the Private Sector Advisory Group, for a term starting on 1 January 2019:
  - (i) Mr. Nauman Bhatti;
  - (ii) Mr. Ignacio Lorenzo Arana;
  - (iii) Mr. Stefan Schwager; and
  - (iv) Mr. Tobias Von Platen-Hallermund; and

#### **DECISION B.21/03: Private Sector Advisory Group - Extension of the term of the existing external members on an exceptional basis**

The Board, having considered document GCF/B.21/Inf.10 titled “Reports from committees, panels, and groups of the Board of the Green Climate Fund”:

- (a) Takes note of the report on activities of the Private Sector Advisory Group as contained in document GCF/B.21/Inf.10;
- (b) Also takes note that the current term of existing external members of the Private Sector Advisory Group ends on 31 December 2018; and

- (c) Decides, on an exceptional basis and without prejudice to any future decisions of the Board regarding the appointment of external members to the Private Sector Advisory Group, to extend the terms of the existing external members of the Private Sector Advisory Group until 30 June 2019.

**\*DECISION B.19/18: Enabling private sector involvement in activities in LDCs and SIDS and consideration of Private Sector Advisory Group Recommendations**

The Board, having considered document GCF/B.19/31 titled “PSAG recommendations on the development of modalities to support activities enabling private sector involvement in LDCs and SIDS”:

- (a) Welcomes and appreciates the recommendations from the Private Sector Advisory Group;
- (b) Requests the Secretariat to develop modalities, based on the recommendations from the Private Sector Advisory Group, 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, for consideration by the Board at its twentieth meeting;
- (c) Requests the Secretariat, in cooperation with private and public sector entities, accredited entities, national designated authorities and focal points, to identify and facilitate the development of funding proposals targeting least developed countries and small island developing States, which involve innovative financing structures or modalities, such as project and small-scale solution aggregation, public-private insurance structures, and on-lending and risk capital investments through climate-oriented financial intermediaries; and
- (d) Decides to take into account the recommendations from the Private Sector Advisory Group, as appropriate, when (i) revising policies, programmes and processes, such as the accreditation framework, investment criteria indicators, the Readiness and Preparatory Support Programme, the Project Preparation Facility and the project approval process; and (ii) approving work plans and budgets relevant for private sector engagement.

**DECISION B.19/17: Recommendations on the development of a private sector outreach plan**

The Board, having considered document GCF/B.19/30 titled “PSAG recommendations on the development of a private sector outreach plan”:

- (a) Welcomes and appreciates the recommendations from the Private Sector Advisory Group, including tailoring communication to the private sector, using existing networks and communication channels, continuing targeted requests for proposals, and ensuring expedited and predictable GCF timelines;
- (b) Requests the Secretariat to incorporate the recommendations from the Private Sector Advisory Group into the strategic road map of the Secretariat for leveraging, mobilizing and engaging domestic and international private sector actors, the Communications Strategy of the Green Climate Fund, and other relevant policies, processes and programmes, as appropriate; and
- (c) Requests the Secretariat to consider including a private sector outreach focus as part of the regional GCF structured dialogues.

**DECISION B.BM-2017/11: Appointment to the Private Sector Advisory Group**

The Board, having reviewed document GCF/BM-2017/13 titled “Appointment of Member to the Private Sector Advisory Group of the Board”:

Appoints Mr. Ignacio Lorenzo as member of the Private Sector Advisory Group for the remainder of the current term of membership which will end on 31 December 2018.

**DECISION B.17/06: Analysis of barriers to crowding-in and maximizing the engagement of the private sector**

The Board, having considered document GCF/B.17/03 titled “Analysis of barriers to crowding-in and maximizing the engagement of the private sector, including Private Sector Advisory Group recommendations”:

- (a) Welcomes the analysis provided by the Secretariat and the recommendations from the Private Sector Advisory Group;
- (b) Requests the Secretariat to integrate the analysis and recommendations into the future work of the Private Sector Facility, as appropriate, whilst taking into account country needs and priorities;
- (c) Requests the Secretariat to develop an annual work plan for the Private Sector Facility;
- (d) Requests the Private Sector Advisory Group to provide recommendations, in accordance with decision B.15/03, paragraph (i), to the Board at its eighteenth meeting on:
  - (i) The development of modalities to support activities enabling private sector involvement in the least developed countries and small island developing States; and
  - (ii) Opportunities to engage the private sector, including local actors, in adaptation action at the national, regional and international levels; and
- (e) Requests the Secretariat, in accordance with decision B.09/07, paragraph (h), and recognizing decision B.08/03, to provide recommendations for modalities to fast-track the accreditation of private sector entities by the nineteenth meeting of the Board.

**DECISION B.16/03: Private Sector Facility: Potential approaches to mobilizing funding at scale**

The Board took note of document GCF/B.16/10/Rev.01 titled “Establishing a programmatic framework for mobilizing funds at scale” and a limited distribution decision was adopted under this agenda item.

**DECISION B.13/05: Co-financing, analysis of barriers to crowding-in and maximizing private sector engagement, and development of a private sector outreach plan**

The Board:

- (a) Requests the Co-Chairs to consult with the Board, with a view to presenting for consideration by the Board at its fourteenth session a proposal related to identifying opportunities for the GCF to add value by co-financing projects and programmes together with the Global Environment Facility, the Adaptation Fund or Multilateral Development Banks.
- (b) Requests the Co-Chairs, with the support of the Secretariat, to summarize the outcome of their consultations and to propose a draft decision in a written report to be transmitted to the Board in line with the Rules of Procedure of the Board no later than its fourteenth session;
- (c) Requests the Secretariat to undertake an analysis of barriers to crowding-in and maximizing the engagement of the private sector to present to the Board no later than its fifteenth session, and requests the Private Sector Advisory Group to present recommendations for consideration by the Board no later than its sixteenth session; and

- (d) Further requests the Private Sector Advisory Group to present recommendation on the development of a private sector outreach plan no later than its seventeenth session.

**DECISION B.09/09: Operationalization of the Private Sector Facility**

The Board, having reviewed documents GCF/B.09/11/Rev.01 Private Sector Facility: Potential Approaches to Mobilizing Funding at Scale, and GCF/B.09/12 Private Sector Facility: Working with Local Private Entities, Including Small and Medium-Sized Enterprises:

- (a) Takes note of the documents;
- Aiming to accelerate the operationalization of the Private Sector Facility (PSF) consistent with the objectives of the Fund:
- (b) Requests the Secretariat to take into consideration comments from the Board in its day to day work, including outreach, support for accreditation process and reviews of concepts;
- (c) Also requests the Secretariat to aim to achieve a diverse balance in accredited private entities, including subnational, national, regional and international intermediaries that have a significant on-the-ground presence in developing countries. These entities would have to meet the Fund's accreditation requirements and demonstrate a track record of operating in developing countries;
- (d) Notes that the Secretariat may issue, after informing the relevant national designated authority, non-binding letters of intent as needed to accredited or potentially accredited entities. In the latter case, the letter shall contain a provision to the effect that the interactions will not influence the process of accreditation;
- (e) Requests the Secretariat to produce a regular update report to the Board on PSF activities;
- (f) Also requests the Private Sector Advisory Group (PSAG) to present to the Board at its tenth meeting additional recommendations regarding the establishment of a small and medium-sized enterprise (SME) programme as presented in document GCF/B.09/12;
- (g) Further requests the PSAG to present to the Board at its tenth meeting additional recommendations for activities regarding mobilizing resources at scale based on document GCF/B.09/11/Rev.01, and comments from the Board, including modalities for issuing requests for proposals, consistent with the objectives of the Fund; and
- (h) Requests the Secretariat to submit for the Board's consideration at its eleventh meeting the request for proposals for the SME programme and an outline of activities that could be undertaken to mobilize resources at scale.

**\*DECISION B.07/08: Initial modalities for the operation of the Fund's Mitigation and Adaptation Windows and the Private Sector Facility**

The Board, having reviewed document GCF/B.07/08 Initial Modalities for the Operation of the Fund's Mitigation and Adaptation Windows and the Private Sector Facility:

- (a) Takes note of document GCF/B.07/08;
- (b) Affirms the initial modalities for the operation of the Fund's mitigation and adaptation windows and the Private Sector Facility (PSF) as reflected in the Governing Instrument, and the decisions of the Board and of the Conference of the Parties to the United Nations Framework Convention on Climate Change listed in Annex XVI;
- (c) Recognizes that the mitigation and adaptation windows and the PSF are integral components of the Fund that will evolve over time;

- (d) Decides to undertake a review of the initial modalities for the operation of the Fund's mitigation and adaptation windows and the PSF, no later than three years after the initial resource mobilization of the Fund;
- (e) Decides that the Board, in line with decision B.04/08, will consider at its eighth meeting further work on the modalities of the PSF, including:
  - (i) Modalities for mobilizing private sector resources at scale by the PSF and the use of other financial instruments, including guarantees and equity investment;
  - (ii) The first report and recommendations of the Private Sector Advisory Group (PSAG);
- (f) Requests the PSAG to provide advice on the implementation of decision B.04/08 for consideration at the eighth meeting of the Board, with a focus on:
  - (i) Modalities to promote participation of private sector actors in developing countries, in particular local actors, including small and medium-sized enterprises and local financial intermediaries in small island developing States, least developed countries and Africa, and with a special emphasis on adaptation;
  - (ii) Modalities and instruments to mobilize private resources at scale including through special financing vehicles or instruments, including risk mitigation instruments.

Annex XVI: Governing Instrument, and decisions of the Board and the Conference of the Parties to the United Nations Framework Convention on Climate Change reflecting the initial modalities for the operation of the Fund's mitigation and adaptation windows and the Private Sector Facility

Governing Instrument for the Green Climate Fund

Decision 3/CP.17:	Launching the Green Climate Fund
Decision 4/CP.19:	Report of the Green Climate Fund to the Conference of the Parties and guidance to the Green Climate Fund
Decision 5/CP.19:	Arrangements between the Conference of the Parties and the Green Climate Fund
Decision B.01-13/06:	Business model framework
Decision B.04/05:	Business model framework – Country Ownership
Decision B.04/06:	Business model framework – Access
Decision B.04/08:	Business model framework – Private Sector Facility
Decision B.05/03:	Business model framework – Objectives, results and performance indicators and Results Management Framework
Decision B.05/04:	Business model framework – Financial Inputs
Decision B.05/05:	Business model framework – Allocation
Decision B.05/07:	Business model framework – Financial Instruments
Decision B.05/08:	Business model framework – Access
Decision B.05/14:	Readiness and preparatory support
Decision B.06/06:	Policies and procedures for the initial allocation of Fund resources
Decision B.06/07:	Options for a Fund-wide gender-sensitive approach
Decision B.06/11:	Detailed programme of work on readiness and preparatory support
Decision B.07/02:	Guiding framework and procedures for accrediting national, regional and international implementing entities and intermediaries, including the Fund's fiduciary principles and standards and environmental and social safeguards
Decision B.07/03:	Initial proposal approval process, including the criteria for programme and project funding
Decision B.07/04:	Initial results management framework of the Fund
Decision B.07/05:	Fund's financial risk management framework
Decision B.07/06:	Fund's investment framework

**DECISION B.BM-2016/18: Appointment to the Private Sector Advisory Group**

The Board, having reviewed document GCF/BM-2016/18 titled “Appointment of a member to the Private Sector Advisory Group of the Board”:

Appoints Mr. Nauman Bhatti as member of the Private Sector Advisory Group, for a term starting on the date of adoption of this decision.

**DECISION B.13/06: Appointment of representatives to the Private Sector Advisory Group**

The Board, having reviewed document GCF/B.13/Inf.03/Add/04 titled “Appointment of representatives to the Private Sector Advisory Group”:

- (a) Appoints Mr. Gerry Lemcke as private sector representative from developed countries to the Private Sector Advisory Group;
- (b) Also appoints Mr. Aaron Leopold as civil society representative from developed countries to the Private Sector Advisory Group; and
- (c) Notes that the prospective candidates have been informed of the Fund’s policy on ethics and conflicts of interest for external members of the Green Climate Fund panels and groups, and that they will be bound by the policy upon the endorsement under paragraph (a) and (b) above.

**DECISION B.12/36 (c) and (d): Term of Board Membership in the Private Sector Advisory Group**

The Board, having reviewed the document GCF/B.12/25/Rev.01 titled “Term of Board Membership”,

- (c) Decides that the term of membership for members and alternate members of the Board appointed to the Accreditation Committee, the Investment Committee, the Risk Management Committee and the Private Sector Advisory Group will be three years;
- (d) Also decides, on an exceptional basis, without setting a precedent and for practical and pragmatic reasons only, that the current term of membership for the committees and groups referred to in paragraph (c) above and the Budget Committee established pursuant to decision B.12/37 will end on 31 December 2018;

(Note: The full text of decision B.12/36 is located under Rules of Procedure in Chapter VI, see DECISION B.12/36: Term of Board Membership )

**DECISION B.12/03: Appointments to the Private Sector Advisory Group**

The Board, having reviewed document GCF/B.12/29 titled “Appointment of representatives to the Private Sector Advisory Group: proposal from the Co-Chairs”,

- (a) Appoints the following four private sector representatives from developing countries to the Private Sector Advisory Group:
  - (i) Mr. Dipal Chandra Barua;
  - (ii) Mr. Rodrigo Violic;
  - (iii) Mr. Inderpreet Wadhwa; and
  - (iv) Mr. Kevin Whitfield;
- (b) Also appoints the following four private sector representatives from developed countries to the Private Sector Advisory Group:
  - (i) Mr. David Bresch;
  - (ii) Mr. Jay Koh;
  - (iii) Mr. Torben Möger Pedersen; and

- (iv) Mr. Hiroyuki Tezuka;
- (c) Further appoints Mr. Aurelio Souza as a civil society representative from developing countries to the Private Sector Advisory Group; and
- (d) Requests the Secretariat to initiate an open call for nominations, including from Board members, for the selection of one civil society representative from developed countries in accordance with the terms of reference as set out in annex XIX to decision B.05/13, with the appointment of nominated representatives subject to approval by the Co-Chairs.

**DECISION B.BM-2016/04 (b): Appointment of members to the Private Sector Advisory Group**

The Board, having reviewed document GCF/BM-2016/05 titled “Appointment of members to committees of the Board”:

- (b) Also appoints as members of the Private Sector Advisory Group, for the second term:
  - (i) Anton Hilber;
  - (ii) Zaheer Fakir; and
  - (iii) Ramón Méndez

**DECISION B.11/14(d): Appointment of Members to Committees of the Board: Private Sector Advisory Group**

The Board, having reviewed document GCF/B.11/23 titled “Appointment of members to committees of the Board”:

- (d) Appoints Mr. Morten Elkjær as member of the Private Sector Advisory Group, for the second term;

**\*DECISION B.05/13 (h) to (m): Establishment and Terms of Reference for the Private Sector Advisory Group**

The Board, having reviewed document GCF/B.05/13 Terms of Reference and Establishment of Committees and Panels:

- (h) Establishes the Private Sector Advisory Group as a panel of the Board in accordance with decision B.04/08 and paragraphs 2 (o) and 32 of the Rules of Procedure of the Board;
- (i) Adopts the Terms of reference of the Private Sector Advisory Group as set out in Annex XIX to this document;
- (j) Appoints the following Board members/alternate members to the Private Sector Advisory Group for its first term in accordance with the Terms of reference as set out in Annex XIX to this document:
  - (i) Mr. Zaheer Fakir, panel member;
  - (ii) Mr. Anton Hilber, panel member;
  - (iii) Mr. Farrukh Iqbal Khan, panel member; and
  - (iv) Mr. Matthew Kotchen, panel member;
- (k) Requests the Secretariat to initiate an open call for nominations, including from Board members, for the selection of four private sector representatives from developing countries, four private sector representatives from developed countries, and two civil society representatives, for membership of the Private Sector Advisory Group during its first term, in accordance with the Terms of reference as set out in Annex XIX to this document, with the appointment of nominated representatives subject to the approval by the Co-Chairs;

- (l) Requests the Secretariat to convene the first meeting of the Ethics and Audit Committee and the Private Sector Advisory Group, in consultation with their respective Chairs, via videoconference prior to the first meeting of the Board in 2014; and
- (m) Invites the Ethics and Audit Committee and Private Sector Advisory Group to develop and present to the Board, at its first meeting in 2014, agreed work plans for their first 12 months of operation, which should take into account the Terms of reference, as set out in Annexes XVIII and XIX to this document, respectively.

#### Annex XIX: Terms of reference of the Private Sector Advisory Group

##### **I. Role and functions**

1. The role of the Private Sector Advisory Group is to make recommendations to the Board on the Fund-wide engagement with the private sector and modalities to that end.
2. In fulfilling this role, the Private Sector Advisory Group will:
  - (a) Make recommendations to the Board on how the Fund, including its Private Sector Facility (PSF), should engage the private sector in order to catalyse, mobilize and leverage flows of private climate finance in developing countries and make best use of the knowledge on best available technologies;
  - (b) Make recommendations to the Board on the design and application of the Fund's policies, procedures and financial instruments as they relate to engagement with the private sector;
  - (c) Make recommendations to the Board on engaging the private sector in climate-resilient development, particularly in Africa, and in adaptation activities at national, regional and international levels;
  - (d) Make recommendations to the Board on promoting the participation of private sector actors in low-emission and climate-resilient development in developing countries, in particular local actors, including small- and medium-sized enterprises and local financial intermediaries;
  - (e) Make recommendations to the Board on activities to enable private sector engagement in low-emission and climate-resilient development in small island developing States and least developed countries; and
  - (f) Respond to other matters on which its advice is sought by the Executive Director or the Board.
3. The Risk Management Committee and the Investment Committee will consider recommendations and advice provided to them by the Private Sector Advisory Group.

##### **II. Membership and observers**

4. The Private Sector Advisory Group will comprise:<sup>1</sup>
  - (a) Two developing country Board members or alternate members;
  - (b) Two developed country Board members or alternate members;
  - (c) Up to four private sector representatives from developing countries;
  - (d) Up to four private sector representatives from developed countries; and
  - (e) Up to two civil society representatives from developed and developing countries.
5. The Executive Director may attend the meetings of the Private Sector Advisory Group.
6. The following criteria will apply to the selection and appointment of all members of the Private Sector Advisory Group:
  - (a) Expertise in climate finance and investment;
  - (b) Expertise in leveraging and/or mobilizing private finance in developing countries; or
  - (c) Expertise in private sector activities and technologies relating to low-emission and climate-resilient development.
7. In addition, the private sector representatives on the Private Sector Advisory Group will each be experts in their fields and:
  - (a) Have a proven track record of direct or indirect engagement in private sector investment, such as in project finance, private sector project development, private equity, energy trade, carbon finance, institutional investment, asset management, or private investment in emerging markets;

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<sup>1</sup> Decision B.04/08, paragraph (i)

- (b) Include eminent experts on different approaches to maximizing the amount and effectiveness of private and innovative sources of climate finance; and
  - (c) Include at least one representative with expertise in corporate governance and risk management structures.
8. In addition, the civil society representatives will:
- (a) Have experience within an environmentally-focused civil society organization or organizations that have a regional or global scope of operations; and
  - (b) Have experience in building partnerships between civil society actors and the private sector, governments and/or research experts, to increase the effectiveness of climate finance.
9. Members of the Private Sector Advisory Group will serve for an initial term of 18 months.
10. Private Sector Advisory Group members that are private sector representatives and civil society representatives will serve in their personal capacity.
11. In recognition of the criteria applicable to the members of the Private Sector Advisory Group, panel members may not delegate their responsibilities under the group to other individuals.
12. The two private sector and two civil society active observers on the Board of the Fund may, in an observer capacity only, attend Private Sector Advisory Group meetings and be provided with any meeting documentation considered by the Group.

### **III. Duration**

13. The Private Sector Advisory Group will exist for an initial duration of three years, after which the Board will evaluate the usefulness and continued necessity of the Group, including amending its membership and these Terms of reference, as considered necessary.

### **IV. Guidelines for operation**

14. Provisions will be put into place to manage actual and potential conflicts of interest.

### **\*DECISION B.04/08: Private Sector Facility/Private Sector Advisory Group/Risk Management Framework/Investment Committee**

The Board:

- (a) Decided that the Private Sector Facility will operate efficiently and effectively under the guidance and authority of the Board as an integral component of the Fund, including in relation to the result areas and specific core performance indicators, where relevant;
- (b) Decided that the Private Sector Facility will address barriers to private sector investment in adaptation and mitigation activities, such as market failures, insufficient capacity and lack of awareness, in order to mobilize private capital and expertise at scale in accordance with national plans and priorities. This will include facilitating and enhancing the participation of national, regional and international private sector actors in developing countries;
- (c) Recalled that, in line with the Governing Instrument, the Private Sector Facility will promote the participation of private sector actors in developing countries, in particular local actors, including small and medium sized enterprises and local financial intermediaries. The Facility will also support activities to enable private sector involvement in small island developing States and least developed countries. Modalities will be developed for consideration by the Board;
- (d) Acknowledged that private sector investment in general relies on readiness and enabling environments, the enhancement of which could be supported by the Fund at large;
- (e) Emphasized the need for the Private Sector Facility to pay specific attention to Africa and to adaptation activities at the national, regional and international levels;
- (f) Acknowledged the need to mobilize funds at scale from, inter alia, institutional investors, such as pension funds and sovereign wealth funds, and to design modalities to that end;

- (g) Decided that the Private Sector Facility will seek efficient solutions that minimize market distortions and moral hazard in the use of the Fund's resources by using, inter alia, competitive processes;
- (h) Decided that the Private Sector Facility will initially focus on grants and concessional lending and will also draw on a broad range of other financial instruments and modalities to achieve its objectives;
- (i) Decided to establish a Private Sector Advisory Group that will make recommendations to the Board on Fund-wide engagement with the private sector and modalities to that end. The Private Sector Advisory Group will comprise two developing country Board members, two developed country Board members, up to four private sector representatives from developing countries and up to four private sector representatives from developed countries, up to two civil society representatives, subject to the criteria determined through the terms of reference. Requested the Interim Secretariat to submit draft terms of reference, bringing in the views of independent experts, and including the criteria for selection, term of office, and replacement of these members, for consideration by the Board at its September 2013 meeting, with a view to establishing the Private Sector Advisory Group at that meeting;
- (j) Decided that an appropriate risk management framework will be developed, enabling the Fund to exert due diligence and manage its risks prudently. For this purpose, the Board decided to establish a Risk Management Committee, and requested the Interim Secretariat to submit draft terms of reference for consideration by the Board at its September 2013 meeting, drawing on independent expertise;
- (k) Decided to establish an Investment Committee that will review investment proposals and instruments and recommend their approval in accordance with social and environmental safeguards and the Fund's objectives and the risk management framework. Requested the Interim Secretariat to submit draft terms of reference, taking into account delegating the appropriate level of final approval authority to the Committee, for consideration by the Board at its September 2013 meeting, drawing on independent expertise;
- (l) Decided that the Private Sector Facility, in accordance with non-objection procedures and in order to ensure consistency with national climate strategies and plans and a country-driven approach:
  - (i) Will commence its operations through accredited national, regional and international implementing entities and intermediaries; and
  - (ii) May over time work directly with private sector adaptation and mitigation actors at the national, regional and international levels, subject to consideration by the Board of a phased approach.

### **PILOT PROGRAMME FOR MOBILIZING RESOURCES AT SCALE**

#### **DECISION B.13/04: Deferral of consideration of the pilot programme on mobilizing resources at scale**

The Board:

Decides to defer the consideration of the pilot programme on mobilizing resources at scale to its fourteenth session.

**\*DECISION B.10/11: Establishment of pilots programmes to support micro-, small-, and medium-sized enterprises and to mobilize resources at scale to address adaptation and mitigation**

The Board, having reviewed document GCF/B.10/16 Recommendations from the Private Sector Advisory Group to the Board of the Green Climate Fund (the Fund):

- (a) Decides, taking note of the recommendations contained in document GCF/B.10/16, to establish a pilot programme to support micro-, small-, and medium- sized enterprises (MSMEs) and a pilot programme to mobilize resources at scale in order to address adaptation and mitigation;
- (b) Also decides to allocate over the course of the initial resource mobilization period, in several tranches:
  - (i) Up to US\$ 200 million for the MSME pilot programme; and
  - (ii) Up to US\$ 500 million for the mobilizing resources pilot programme;
- (c) Further decides that the Board may review the aforementioned amounts when it deems appropriate;
- (d) Requests the Secretariat, in the implementation of decision B.09/09, paragraph (h), taking note of the Private Sector Advisory Group (PSAG) recommendations as contained in document GCF/B.10/16, to present for the Board's consideration by no later than the twelfth meeting of the Board the terms of reference for a request for proposal (RFP) for entities to manage the MSME pilot programmes, and the terms of reference for an RFP for entities to mobilize resources at scale, with an aim of launching both RFPs in 2016;
- (e) Decides that both pilot programmes will be consistent with the objectives and policies of the Fund, including country ownership through the participation of national designated authorities (NDAs)/focal points (FPs), stakeholders and accredited observers, inter alia NDAs/FPs providing non-objection for selected proposals;
- (f) Notes that the use of RFPs is complementary to, and not a substitute for, proposals submitted to the Fund by accredited entities and NDAs/FPs;
- (g) Also notes the PSAG recommendation that external support may prove useful and the Secretariat will explore the need to retain external support in order to operationalize the pilot programmes;
- (h) Requests the Accreditation Committee and the PSAG to present further recommendations on possible measures to support the accreditation of entities with solid track records in supporting MSMEs and in mobilizing resources at scale for the Board's consideration by no later than its twelfth meeting; and
- (i) Decides to review the implementation and scale of the initial phase of the MSME pilot programme and the mobilization pilot programme two years from the date on which the RFPs are made.

**PILOT PROGRAMME TO SUPPORT MICRO-, SMALL- AND MEDIUM-SIZED ENTERPRISES****\*DECISION B.13/22: Pilot programme to support micro-, small-, and medium-sized enterprises**

The Board, having reviewed document GCF/B.13/15 titled "Establishing a programmatic framework for engaging with micro-, small- and medium-sized enterprises",

- (a) Recalls decision B.10/16 that established a pilot programme to support micro-, small-, and medium-sized enterprises of up to USD 200 million;

- (b) Endorses the draft request for proposals for the micro-, small-, and medium-sized enterprise pilot programme materially in the form set out in annex II;
- (c) Requests the Secretariat to issue the request for proposals to solicit responses from accredited entities and potential accredited entities in order to establish and manage the pilot projects/programmes;
- (d) Decides to limit participation of the GCF in the first pilot programme to USD 100 million;
- (e) Also decides to consider funding proposals that are submitted in response to the request for proposals as part of the wider portfolio of the GCF, and through the same modalities as spontaneous proposals;
- (f) Requests the Secretariat to prepare terms of reference for one or more requests for proposals for the remainder of the micro-, small-, and medium-sized enterprises pilot programme, taking into account lessons learned from this first phase, and to present this for Board consideration; and
- (g) Also requests the Secretariat to provide a status update on the progress of the micro-, small-, and medium-sized enterprise pilot programme at the fourteenth meeting of the Board.

(Note: Annex II to decision 13/22 can be found at the following link:

[https://www.greenclimate.fund/documents/20182/226888/GCF\\_B.13\\_32\\_Rev.01\\_Decisions\\_of\\_the\\_Board\\_third\\_meeting\\_of\\_the\\_Board\\_28-30\\_June\\_2016.pdf/c93a0291-28c1-4bfc-bc22-cf4c590c3c83](https://www.greenclimate.fund/documents/20182/226888/GCF_B.13_32_Rev.01_Decisions_of_the_Board_third_meeting_of_the_Board_28-30_June_2016.pdf/c93a0291-28c1-4bfc-bc22-cf4c590c3c83))

**\*DECISION B.10/11: Pilots programmes to support micro-, small-, and medium-sized enterprises and to mobilize resources at scale**

The Board, having reviewed document GCF/B.10/16 Recommendations from the Private Sector Advisory Group to the Board of the Green Climate Fund (the Fund):

- (a) Decides, taking note of the recommendations contained in document GCF/B.10/16, to establish a pilot programme to support micro-, small-, and medium- sized enterprises (MSMEs) and a pilot programme to mobilize resources at scale in order to address adaptation and mitigation;
- (b) Also decides to allocate over the course of the initial resource mobilization period, in several tranches:
  - (i) Up to US\$ 200 million for the MSME pilot programme; and
  - (ii) Up to US\$ 500 million for the mobilizing resources pilot programme;
- (c) Further decides that the Board may review the aforementioned amounts when it deems appropriate;
- (d) Requests the Secretariat, in the implementation of decision B.09/09, paragraph (h), taking note of the Private Sector Advisory Group (PSAG) recommendations as contained in document GCF/B.10/16, to present for the Board's consideration by no later than the twelfth meeting of the Board the terms of reference for a request for proposal (RFP) for entities to manage the MSME pilot programmes, and the terms of reference for an RFP for entities to mobilize resources at scale, with an aim of launching both RFPs in 2016;
- (e) Decides that both pilot programmes will be consistent with the objectives and policies of the Fund, including country ownership through the participation of national designated authorities (NDAs)/focal points (FPs), stakeholders and accredited observers, inter alia NDAs/FPs providing non-objection for selected proposals;
- (f) Notes that the use of RFPs is complementary to, and not a substitute for, proposals submitted to the Fund by accredited entities and NDAs/FPs;

- (g) Also notes the PSAG recommendation that external support may prove useful and the Secretariat will explore the need to retain external support in order to operationalize the pilot programmes;
- (h) Requests the Accreditation Committee and the PSAG to present further recommendations on possible measures to support the accreditation of entities with solid track records in supporting MSMEs and in mobilizing resources at scale for the Board's consideration by no later than its twelfth meeting; and
- (i) Decides to review the implementation and scale of the initial phase of the MSME pilot programme and the mobilization pilot programme two years from the date on which the RFPs are made.

#### **DECISION B.09/09(f): Request for additional recommendations on the establishment of a small and medium-sized enterprise programme**

The Board, having reviewed documents GCF/B.09/11/Rev.01 Private Sector Facility: Potential Approaches to Mobilizing Funding at Scale, and GCF/B.09/12 Private Sector Facility: Working with Local Private Entities, Including Small and Medium-Sized Enterprises:

- (f) Also requests the Private Sector Advisory Group (PSAG) to present to the Board at its tenth meeting additional recommendations regarding the establishment of a small and medium-sized enterprise (SME) programme as presented in document GCF/B.09/12;

(Note: The full text of decision B.09/09 is located under the section of Private Sector Facility, see DECISION B.09/09: Operationalization of the Private Sector Facility )

#### **READINESS AND PREPARATORY SUPPORT PROGRAMME**

##### **\*DECISION B.22/11: Readiness and Preparatory Support Programme: revised work programme and forward budget**

The Board, having considered document GCF/B.22/08 titled "Readiness and Preparatory Support Programme: Strategy for 2019–2021 and Work Programme 2019":

- (a) Reaffirms that the Readiness and Preparatory Support Programme is a strategic priority for the GCF to enhance country ownership and access to the GCF;
- (b) Takes note of the document and the proposed work programme for 2019 as contained in section VII of document GCF/B.22/08;
- (c) Notes that the revision to the Readiness and Preparatory Support Programme as mandated by decision B.19/15, paragraph (f) is based on the outcome of the conclusions of the Secretariat's initial review and of the independent evaluation of the Readiness and Preparatory Support Programme;
- (d) Recalls decision B.08/11, paragraph (g), and reaffirms that readiness requests will be assessed to ensure complementarity with existing readiness activities;
- (e) Welcomes the proposed Readiness and Preparatory Support Programme Strategy for 2019–2021;
- (f) Adopts the objectives and outcomes for the revised Readiness and Preparatory Support Programme, as contained in annex IV;
- (g) Reaffirms that countries can continue to access resources through the Readiness and Preparatory Support Programme in accordance with decision B.13/09 and decision B.13/32;

- (h) Encourages national designated authorities and delivery partners to develop multiple-year strategic readiness requests as described in annex V;
- (i) Decides that the Secretariat may accept multiple-year readiness requests, allocating up to USD 3 million for three years, while committing no more than USD 1 million per country per year, which is in addition to the national adaptation plans and/or other adaptation planning processes allocation as referred to in paragraph (g) above and in accordance with decision B.13/09, paragraph (f);
- (j) Requests the Secretariat to present a document for the consideration of the Board at its twenty-fifth meeting that includes an assessment of the following elements:
  - (i) Actions taken and progress achieved by countries to date on the implementation and outcomes of approved readiness activities with a view to reviewing the progress in the implementation of the Readiness and Preparatory Support Programme Strategy for 2019–2021 including, if and as needed, a reassessment of the per-year, per-country readiness commitments to individual developing member countries adopted by the Board pursuant to decision B.08/11, paragraph (f); and
  - (ii) The impacts on the Readiness and Preparatory Support Programme, if any, of Board decisions taken on the:
    - (1) First formal replenishment of the GCF;
    - (2) Review of the accreditation framework; and
    - (3) Recommendations from the independent evaluation of the Readiness and Preparatory Support Programme;
- (k) Notes the estimated budget for the period 2019–2021 as contained in section VII of document GCF/B.22/08;
- (l) Approves an additional amount of USD 122.5 million to be made available for the execution of the Readiness and Preparatory Support Programme, and
- (m) Requests the Secretariat to report on the implementation of the Readiness and Preparatory Support Programme Strategy 2019–2021 at the first meeting of every calendar year, including the outcomes of the monitoring framework.

(Note: Document GCF/B.22/08 mentioned in Decision 22/11 above could be found at the following link: [https://www.greenclimate.fund/documents/20182/1424894/GCF\\_B.22\\_08\\_-\\_Readiness\\_and\\_Preparatory\\_Support\\_Programme\\_Strategy\\_for\\_2019-2021\\_and\\_Work\\_Programme\\_2019.pdf/34b15586-5492-1a7c-3534-b580d53b7acd](https://www.greenclimate.fund/documents/20182/1424894/GCF_B.22_08_-_Readiness_and_Preparatory_Support_Programme_Strategy_for_2019-2021_and_Work_Programme_2019.pdf/34b15586-5492-1a7c-3534-b580d53b7acd))

**Annex IV: Objectives and outcomes of the Readiness and Preparatory Support Programme Strategy 2019-2021**

1. This annex presents objectives and outcomes to more fully describe the new orientation for the Readiness and Preparatory Support Programme strategy 2019 – 2021 as one of impacts as opposed to inputs. It provides an impact-based framework into which the indicative list of activities (B.13/32 paragraph (e)) is fully integrated. The table also presents indicative portfolio targets at a programmatic level.

<i>Objective</i>	<i>Outcomes</i>
<b>Objective 1: Capacity Building</b> GCF recipient countries and relevant stakeholders set up adequate systems – human, technical and institutional – that enables them to fulfil their roles and responsibilities towards the GCF and enhance their ability to achieve their objectives	<b>Outcome 1.1:</b> Country NDAs or focal points and the network/ systems that enable them to fulfil their roles, responsibilities and policy requirements are operational and effective.
	<b>Outcome 1.2:</b> Direct access applicants and accredited entities (DAEs) have established capacity to meet and maintain the GCF’s accreditation standards; and accredited DAEs have the capacity to develop a

<i>Objective</i>	<i>Outcomes</i>
<b>Indicative portfolio target: 10%</b>	pipeline of projects and effectively implement GCF-funded activities
	<b>Outcome 1.3:</b> Relevant country stakeholders (which may include executing entities, civil society organizations and private sector) have established adequate capacity, systems and networks to support the planning, programming and implementation of GCF-funded activities.
<b>Objective 2: Strategic Frameworks</b> GCF recipient countries develop robust strategic frameworks to guide GCF investment in complementarity other climate financiers <b>Indicative portfolio target: 20%</b>	<b>Outcome 2.1:</b> GCF recipient countries have developed initial country programmes to guide GCF investment and programming of GCF Readiness and Preparatory Support resources.
	<b>Outcome 2.2:</b> GCF recipient countries have developed or enhanced strategic frameworks to address policy gaps, improve sectoral expertise, and enhance enabling environments for GCF programming
	<b>Outcome 2.3:</b> Entity Work Programmes of accredited direct access entities developed, that are aligned with the priorities of the countries, including country programmes and the GCF result areas
	<b>Outcome 2.4:</b> Strategies for transforming and attracting private sector investment for low emissions and resilience developed and being used
<b>Objective 3: National Adaptation Plans and Adaptation Planning Processes</b> <i>GCF recipient countries establish integrated adaptation planning and monitoring systems to enable climate resilience across sectors, as well as strengthen impact and catalyze the scale of public and private adaptation finance, based on strong climate rationale and active stakeholder engagement</i> <b>Indicative portfolio target: 50%</b>	<b>Outcome 3.1:</b> Adaptation planning governance and institutional coordination strengthened
	<b>Outcome 3.2:</b> Evidence basis produced to design adaptation solutions for maximum impact
	<b>Outcome 3.3:</b> Private sector engagement in adaptation catalyzed
	<b>Outcome 3.4:</b> Adaptation finance increased
<b>Objective 4: Pipeline Development</b> <i>Emanating from strategic frameworks and entity work programmes, a transformational pipeline developed of quality concept notes and funding proposals, including LDCs, SIDS and African states, and direct access accredited entities</i> <b>Indicative portfolio target: 15%</b>	<b>Outcome 4.1:</b> An increase in the number of quality project concept notes developed and submitted
	<b>Outcome 4.2:</b> <i>An increase in the number of quality funding proposals developed and submitted from accredited Direct Access Entities</i>
	<b>Outcome 4.3</b> <i>An increase in the number of quality project concept notes developed and submitted that target SIDS, LDCs and African states</i>
	<b>Outcome 4.4</b> <i>An increase in the number of quality funding proposals developed and submitted that target SIDS, LDCs and African states</i>
	<b>Outcome 4.5</b> <i>An increase in the proportion of PPF requests and funding proposals approved as a result of Readiness and Preparatory Support</i>
<b>Objective 5: Knowledge sharing and learning</b>	<b>Outcome 5.1:</b> Best practices with respect to institutional capacity building, direct

<i>Objective</i>	<i>Outcomes</i>
GCF recipient countries have benefited from increased levels of awareness, knowledge sharing and learning that contribute to their developing and implementing transformational projects in low-carbon and climate-resilient development pathways <b>Indicative portfolio target: 5%</b>	access, and pipeline development are developed and disseminated to strengthen engagement by NDAs, DAEs, and delivery partners with the GCF.

**Annex V: Framework for multiple-year strategic Readiness implementation requests**

1. Under the Readiness and Preparatory Support Programme strategy 2019-2021 countries are fully encouraged to develop and submit multiple-year strategic Readiness implementation requests.

**Multiple-year strategic Readiness implementation requests**

2. Multiple-year strategic Readiness implementation requests will include, among others, the following elements:

(d) An overall work programme and budget plan for the period of the support requested, with an overview of how the request is strategic in nature, including:

- (i) Progressing from basic elements of Readiness support (for example but not limited to developing NoL processes, establishing NDA offices, assessing DAE applicants) to more strategic support (e.g., accreditation/accreditation upgrades of DAEs, technical support to develop of PPF applications, concept notes, and SAP and FPs);
- (ii) Taking a programmatic approach to Readiness support requested, which may include:

- 1. Sequencing support for multiple work areas and stakeholders, including NDAs and DAEs (e.g., to align Country Programmes and Entity Work Programmes);
- 2. Developing and implementing strategies to reduce or eliminate policy gaps or market barriers;
- 3. Catalysing and/or leveraging private sector investment in priority sectors;
- 4. Developing concept notes and funding proposals, including for the SAP;

(e) Indicative annual work programmes and associated annual budget plans covering each 12-month period of the total request;

(f) Description of the objectives, outcomes, outputs/deliverables and activities to be undertaken during the request, with associated baselines and targets, and measurable indicators to track results, and;

(g) Implementation schedule and implementation arrangements for the request, which will indicate the disbursement schedule, procurement plan, and a monitoring and evaluation plan.

3. Once a grant proposal for a multiple-year strategic Readiness implementation request is approved and entered into implementation phase, Secretariat will approve the subsequent annual workplans and budgets provided that the Annual Financial Reports and Annual Technical Reports meeting GCF reporting requirements.

4. There are two modalities through which countries can access resources for multiple-year strategic Readiness implementation requests:

- (a) Based on the analysis contained in a finalized Country Programme and submitted through a multiple-year strategic Readiness implementation request proposal;
- (b) Supported by a country Readiness assessment and developed through a country Readiness work plan, and submitted through a multiple-year strategic Readiness implementation request proposal.

**Country Readiness assessments**

5. Countries conduct a rapid self-assessment of their Readiness needs by using a standardized framework developed by the Secretariat to identify the key gaps in its capacity to access climate finance and to develop and implement related projects. The multi-stakeholder Readiness needs assessment will:

- (a) Be conducted by the NDA in consultation with other stakeholders;
- (b) Appraise a variety of essential capacities, institutional mechanisms and technical skills;
- (c) Consider capacity building initiatives and assessments for climate change done under other auspices and include feedback on previous Readiness support;

- (d) Establish a baseline to help the NDA and the Secretariat better understand how to approach Readiness support in a strategic manner;
- (e) Be bolstered by technical guidance from the Secretariat regarding its application;
- (f) Consider identified capacity needs through existing processes and documents, including National Communications, National Capacity Self Assessments, and others undertaken by other funds, bilateral or multilateral agencies, and multilateral development banks, and;
- (g) Give due attention to the issues of ESS, gender and IP integration.

**Country Readiness work plans development**

6. The development of country Readiness work plans contains, among others, the following elements:
- (a) Analysis of the country Readiness needs over the medium-term (three to five years);
  - (b) Demonstration of how the country intends to deploy the Readiness support across multiple objectives in a coherent way;
  - (c) Strategic and comprehensive view of Readiness support to be achieved by enhancing coordination at the national level and engaging with stakeholders in national and subnational government, CSOs, communities and the private sector, with due attention to gender, ESS and indigenous peoples issues.

**\*DECISION B.22/10: Independent Evaluation of the GCF Readiness Programme**

The Board, having considered document GCF/B.22/03 titled “Independent Evaluation of the Green Climate Fund’s Readiness and Preparatory Support Programme (RPSP) – Final Report” and its Add.01 titled “Secretariat management response”:

- (a) Takes note of the findings and recommendations presented in the report by the Independent Evaluation Unit;
- (b) Also takes note of the Secretariat management response to the report of the Independent Evaluation Unit contained in GCF/B.22/03/Add.01;
- (c) Welcomes that the Secretariat has incorporated recommendations from the evaluation report by the Independent Evaluation Unit into its revised workplan and presented it at the twenty-second meeting of the Board; and
- (d) Recommends that the Secretariat report on the implementation of the recommendations in subsequent Readiness and Preparatory Support Programme reports.

(Note: The report of Independent Evaluation of the Readiness and Support Programme and the Secretariat management response contained in documents GCF/B.22/03 and Add.1 could be found at the following links:

[https://www.greenclimate.fund/documents/20182/1424894/GCF\\_B.22\\_03\\_-\\_Independent\\_Evaluation\\_of\\_the\\_Green\\_Climate\\_Fund\\_s\\_Readiness\\_and\\_Preparatory\\_Support\\_Programme\\_RPSP\\_-\\_Final\\_Report.pdf/510cfa9c-8c4b-8a64-5b2a-2f1b88b866a7](https://www.greenclimate.fund/documents/20182/1424894/GCF_B.22_03_-_Independent_Evaluation_of_the_Green_Climate_Fund_s_Readiness_and_Preparatory_Support_Programme_RPSP_-_Final_Report.pdf/510cfa9c-8c4b-8a64-5b2a-2f1b88b866a7) and

[https://www.greenclimate.fund/documents/20182/1424894/GCF\\_B.22\\_03\\_Add.01\\_-\\_Report\\_of\\_the\\_independent\\_evaluation\\_of\\_the\\_Readiness\\_and\\_Preparatory\\_Support\\_Programme\\_\\_Addendum\\_I\\_Secretariat\\_management\\_response.pdf/e10a6068-be04-d539-f285-b3337fd3a382](https://www.greenclimate.fund/documents/20182/1424894/GCF_B.22_03_Add.01_-_Report_of_the_independent_evaluation_of_the_Readiness_and_Preparatory_Support_Programme__Addendum_I_Secretariat_management_response.pdf/e10a6068-be04-d539-f285-b3337fd3a382), respectively)

**\*DECISION B.19/16: Terms of reference for the independent evaluation of the Readiness Programme**

The Board:

Approves the terms of reference for the independent evaluation of the Readiness Programme as contained in annexes XVII, XVIII and XIX.

**Annex XVII: Terms of Reference for the Independent Evaluation of the Readiness and Preparatory Support Programme****I. Aim**

- (a) In July 2017, the GCF Board in decision B.17/07 requested the Independent Evaluation Unit of the GCF to undertake the independent evaluation of its Readiness and Preparatory Support Programme (RPSP).

- (b) This document lays out the terms of reference for the independent evaluation of the RPSP. This includes a brief background (Section II), evaluation objectives and criteria (Section III), and methods and timeline (Section IV) for the independent evaluation.

### II. Background

- (a) The Governing Instrument of the GCF states:

*40. The Fund will provide resources for readiness and preparatory activities and technical assistance, such as the preparation or strengthening of low-emission development strategies or plans, NAMAs, NAPs, NAPAs and for in-country institutional strengthening, including the strengthening of capacities for country coordination and to meet fiduciary principles and standards and environmental and social safeguards, in order to enable countries to directly access the Fund.*

- (b) The objectives of the Readiness and Preparatory Support Programme are specified as:<sup>1</sup>

- (i) *Supporting the NDA or focal point in accordance with decision B.08/10, to engage with regional, national and sub-national government, civil society and private sector stakeholders with regard to the priorities of the Fund, taking a gender sensitive approach;*
- (ii) *Developing strategic frameworks for national engagement with the Fund (including country programmes, in accordance with decision B.08/10 and decision B.07/03 (initial proposal approval process), building on existing strategies and plans, including low-emission development strategies, Nationally Appropriate Mitigation Actions, National Adaptation Plans, and National Adaptation Programmes of Action. Annex XVII provides initial general guidelines for the preparation of country programmes;*
- (iii) *Enabling regional, national and sub-national institutions to meet the accreditation standards of the Fund, including for the fast-track accreditation process in coordination with the NDA or focal point; and*
- (iv) *Supporting the development of initial pipelines of programme and project proposals, including the identification of appropriate financial instruments, that are aligned with the objectives and initial investment framework of the Fund and that will support a paradigm shift to low-emission and climate-resilient development;*

- (c) The GCF Board has emphatically reaffirmed that

*...Fund-related readiness and preparatory support is a strategic priority for the Fund to enhance country ownership and access during the early stages of its operationalization, and may help countries to meet the Fund's objectives;*

- (d) A Readiness and Preparatory Support Programme is being administered by the GCF to provide resources for strengthening the institutional capacities of NDAs or focal points and direct access entities to efficiently engage with the Fund. Resources may be provided in the form of grants or technical assistance. All developing countries can access the RPSP and the Fund aims for a floor of 50 per cent of readiness support allocation to particularly vulnerable countries, including least developed countries (LDCs), small island developing states (SIDS) and African States.<sup>2</sup>

- (e) The RPSP provides (i) Up to US\$ 1 million per country per year. Of this amount, NDAs or focal points may request up to US\$ 300,000 per year to help establish or strengthen a NDA or focal point to deliver on the Fund's requirements. (ii) Up to US\$ 3 million per country for formulating adaptation plans. Within these funding caps, countries may submit multiple proposals over multiple years. Multiple proposals (including for adaptation planning) may be implemented within country by delivery partners, who may or may not be direct access or international accredited entities (see Annex III for an overview of the Readiness and Preparatory Support process). Guidance to countries requires that proposals requesting readiness support must be aligned with the Fund's Environmental and Social Safeguards and its Gender Policy. All readiness funding requests need to be initiated by developing country focal points or NDAs although funding itself may be managed by the delivery partner.

- (f) The Readiness and Preparatory Support Programme has undergone several changes since it was first approved by the GCF Board. Modalities for Readiness and Preparatory support were adopted by the GCF Board at its 5th meeting. Indeed, the RPSP is a very important programme. Understanding the effectiveness, and efficiency of the programme is a strategic need for the Board as it decides upon new allocations in 2018. This evaluation will also contribute to informing the GCF's replenishment when the current replenishment period ends. Annex II presents a listing of different and relevant Board decisions relevant to the Readiness and Preparatory Support Program.

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<sup>1</sup> Decision B.08/11

<sup>2</sup> The Readiness Guidelines, June 2017, Version 3.

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- (g) A few of these decisions are especially significant: at the 8th meeting of the Board, an indicative list of activities eligible for direct support for National Designated Authorities (NDA) was approved. This indicative list has witnessed revisions and amendments subsequently at the 13th meeting of the Board (see Annex III for a list of indicative activities). At its 10th meeting, the GCF Board affirmed that the Readiness and Preparatory Support Programme is a mechanism to enhance country ownership.
- (h) The Conference of Parties (COP) has also noted the importance of the Readiness and Preparatory support programme and has requested the GCF secretariat to provide updates on several topics:
- Takes note of the progress achieved to date in the implementation of the readiness and preparatory support programme of the Green Climate Fund and stresses the importance of improving the approval process and timely disbursement of readiness resources to facilitate readiness programme implementation pursuant to Green Climate Fund Board decision B.11/04" (UNFCCC decision 7/CP.21, paragraph 17, Linked with UNFCCC decision 7/CP.20, paragraph 12)*
- (i) As of the 23rd of June 2017, a total of US\$ 80 million had been approved by the Board for the program and of this, US\$ 34.3 million had been committed with 87% of this committed for grants or technical assistance and the remaining spent on events such as structured dialogues, regional workshops and other readiness events, NDA visits and in-kind support to countries and direct access entities. US\$ 6.03 million has so far been disbursed in this program with the highest amount being approved for NDA strengthening and building country programmes.
- (j) As of May 2017, the GCF had engaged with 105 countries on 165 readiness requests. Of these nearly 60% (98) were for NDA strengthening and for advice on building country programmes and most requests are submitted from Africa, followed by the Asia Pacific. Of the approved readiness requests, 55% had entered the implementation stage.
- (k) The Readiness and Preparatory Support programme is expected to have five overall activity areas.<sup>3</sup> These include (i) Strengthening country capacity; (ii) Engaging stakeholders in consultative processes; (iii) Realizing direct access; (iv) Providing access to finance; (v) Mobilizing the private sector.

### III. Evaluation objectives and criteria

- (a) The Readiness and Preparatory Support Programme has been in implementation for approximately two years. Its portfolio is young and a considerable amount of this initial effort has been spent in formulating processes and procedures for the programme while also learning from experiences on the ground.
- (b) Recognizing this, the Independent Evaluation of the Readiness and Preparatory Support programme will be a learning-oriented assessment.

The objectives of the Independent Evaluation are to:

- (i) Assess the effectiveness of the Readiness and Preparatory Support Programme and assess the extent to which RPSP processes are fulfilling the intended objectives of the RPSP as contained in decision B.08/11 paragraph (i) as well as the objectives of country ownership<sup>4</sup>;
- (ii) Review approaches in the implementation of the Readiness and Preparatory Support programme with a view to making recommendations for improved alignment with the objectives of the RPSP; and recommend gains in effectiveness, efficiency, country ownership and sustained impact.
- (c) Since the RPSP has been changing rapidly, its different phases will be assessed during this evaluation. These phases are (i) the design and planning stage; (ii) the implementation phase; and (iii) the expected results from the programme.
- (d) The Independent Evaluation of the Readiness and Support Programme will use the evaluation criteria established by the GCF Board for the IEU.<sup>5</sup> These include (relevance of) mandate; effectiveness of programme and processes; efficiency of processes; sustained impact, coherence in climate finance delivery; gender equity and inclusiveness; innovation and potential for paradigm shift; country ownership, potential for building scale and unexpected results (positive and negative).
- (e) The evaluation will analyse these criteria customized to the RPSP. During the inception phase, questions will be parsed and sharpened. These questions will be finalized during the inception phase of this evaluation (see Section IV).

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<sup>3</sup> The Readiness Guidebook articulates these and indicates that 'These are based on GCF Board decisions B.08/10/Annexes XII, XIII, XIV; B.08/10, Annex I; B.12/30/Annex I.'

<sup>4</sup> As contained in decision B.10/10 paragraph (c) and (f) and the Guidelines for Enhanced Country Ownership and Country Drivenness decision B.17/21, annex XX

<sup>5</sup> See Decision B.06/09

- (f) The Independent Evaluation of the RPSP will review trends with respect to constitution of the Readiness portfolio, changes in mandate, process, portfolio type, disbursement rates, processing times and implementation structures and procedures as well as impacts on final beneficiaries, country work programmes and GCF pipeline development.

#### IV. Methods and timeline

- (a) The Head of the Independent Evaluation Unit will be supported by an external team and a staff member to deliver this evaluation. An external team will be brought on through a procurement process following secretariat rules.
- (b) The timeline of the evaluation is divided into three phases:
- (i) **Inception period (April 2018):** This will begin as soon as the team has been put in place. The team will parse the important questions that will be answered in the evaluation. The inception report will present the results from the initial consultations and retrospective theory of change exercise, fine-tune questions of the overall evaluation and contain protocols for the online perception survey and subsequent field visits, the protocols for process tracing and the protocols for focus groups and stakeholder conversations, organized by respondent type. The inception report will revisit the findings of the initial review, including an independent analysis by Dalberg Global Development Advisors, and also identify key stakeholders to be interviewed and will lay out the plan for country visits, and in-depth case studies for process tracing, while ensuring representativeness of the sample. It will include an explicit discussion of how case study countries were selected, which will strive to be representative of the portfolio while being cognizant of time and budget. Data from the proposals received by the secretariat will also be input into a database. A scoring scheme will also be devised and an evaluation matrix that maps questions asked of the evaluation to tools and methods of verification will be put together. Last but not least, the inception period will finalize the protocol for the portfolio analysis.
  - (ii) **Main evaluation phase (May-June 2018):** The second phase will be the main phase of the evaluation. The following activities will be undertaken: Expert interviews, Secretariat interviews, NDA interviews, delivery partner and FP interviews, interviews with Board members and alternate Board members, and with civil society organization (CSO) groups, focus group discussions as required, an online perception survey, process tracing and field visits (8-10) for identified cases and an analysis of the documentation and the readiness portfolio. Methods will be triangulated to ensure that inferences are robust. Documentation and evaluations of similar other programmes will also be reviewed for the meta-analysis and benchmarking element of this evaluation.
  - (iii) **Evaluation report (July 2018):** During the last phase of the evaluation period, a draft of the evaluation will be prepared. This will also contain a technical annex to discuss methods used for the evaluation. It will also provide recommendations for strengthening the RPSP going forward based on the findings of the evaluation. A draft will be circulated to the Executive Director and key members of the CPD team including regional advisers. The final report of the evaluation with the technical annex will be presented to the Board.
- (c) The methods and tools for this evaluation will include:
- **A retrospective theory of change analysis** will help map the extent to which planned and actual activities are contributing to the overall vision of the Programme. It will also examine key changes during implementation and possible learning by the RPSP team. This will take place during the inception phase of the evaluation timeline.
  - **Review of key documents** including a mapping of all guidance to key criteria for the evaluation. The evaluation will review decisions from the GCF Board that are related to the RPSP including those that have implications for the RPSP (but may not be directly related to RPSP), guidelines, administrative processes, management structures and the results framework for the programme including policy documents, guidance documents, proposals, progress reports, board documents and any in-house or other assessments that may have been undertaken. The team will also review any strategy documents and the findings of the initial review of the RPSP.
  - **Key informant interviews:** Key stakeholders including experts, selected stakeholders at the GCF Board, representatives of other agencies that are doing similar work, selected country stakeholders including but not restricted to NDAs, delivery partners and focal points, members of the Readiness Working Group, members of the RPSP team and others inside and outside GCF. The readiness coordination mechanism will also be assessed. Inputs from other agencies will also be sought while considering that other agencies are also likely to have their own interests in mind while providing inputs.
  - **Focus group discussions** at key events such as scheduled structured dialogues or specific events held for accredited or to be accredited entities.
  - **Online perception survey:** The online perception survey will be directed at NDAs, focal points, delivery partners, CSOs and other stakeholders. It will seek to get an overview of the perception of the Readiness and Preparatory Support programme and will be confidential. A qualitative analysis will be undertaken of the comments

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in the responses and special or outlier comments will be followed up on, with follow up conversations for clarifications and explanation.

- **Site visits and specific case studies for process tracing.** Specific countries will be identified for site visits and for process tracing specific questions that the evaluation team may want to address. Countries/cases will be chosen to ensure that there is adequate representativeness especially for stage of engagement with RPSP as well as country groups (SIDS, LDCs, Africa, others) and that each case has specific questions it will address. Site visits will also involve engagements with delivery partners (international and national) and potential delivery partners to document experiences related to effectiveness, relevance, coherence and country ownership. Since there are multiple delivery partners, this will also include a comparison of processes by different delivery partners. Since there are several challenges to making this comparison and drawing inferences, such as not having sufficient sample sizes to make robust conclusions, this comparison will be restricted to the main delivery partners. The method for selecting country case studies and delivery partners will be laid out in the inception report.
  - **Benchmarking and meta-analysis of international experiences.** Several organizations have similar programmes as the Readiness and Preparatory Support Programme. These include GEF, UNDP, UNEP, GIZ, the Multilateral Fund (for the implementation of the Montreal Protocol) and others. This part of the evaluation will collect and analyse evaluations of these programmes and engage with staff and leads of these programmes to understand key challenges and strengths.
- (d) The evaluation report will present the background, methods, timeline and present key inferences. Inferences will be made using mixed methods and will triangulate using the approaches laid above. The evaluation report will also list all documents consulted, sources of information requested and those made available, list all the people consulted and the protocols used.
- (e) The overall timeline for the evaluation is shown in Table 2.

**Table 2: Timeline for the Independent Evaluation of the Readiness and Preparatory Support Programme**

Main Deliverables and Processes	Mar. '18	Apr. '18	May '18	Jun. '18	Jul. '18
Selection/contracting evaluation team	X				
Scoping field visit(s)		X			
Retrospective theory of change analysis		X			
Inception Report		X			
Presentation of progress report		X			
Stakeholder consultations/ Focus Groups/ Interviews		X	X		
Documentation review & portfolio analysis		X	X		
Perception online survey		X	X		
Meta-analysis		X	X		
Case studies/process tracing & site visits		X	X		
Quality at entry review		X			
Data analysis		X	X		
Presentation of key facts from Evaluation				X	
First draft report			X	X	
<b>Final independent evaluation report</b>					X

### Annex XVIII: List of Indicative Activities eligible for Readiness and Preparatory Support

Source: Readiness and Preparatory Support Guidebook, Version 3.0, 15 June 2017

#### **Indicative list of activities that can be supported by the Readiness and Preparatory Support Programme**

Please note that these are indicative examples of activities for consideration. Countries are encouraged to formulate their activities based on their specific needs and as consistent with the objective of the GCF Readiness Programme. This list will be expanded and refined over time, based on learning and experience captured.

#### **Establishing and strengthening national designated authorities or focal points**

- Enabling national designated authority (NDA) coordination mechanisms with accredited entities to identify and prioritize national priorities for country programming;

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- Strengthening institutional capacities so that the NDA or focal point can effectively fulfill its role;
- Developing national arrangements for promotion, consideration and facilitation of funding proposals;
- Funding for training of NDA or focal point staff members in areas relevant to the objectives of the GCF such as project and programme development, international procurement, accounting, oversight, planning and monitoring and evaluation processes;
- Supporting the ongoing engagement of stakeholders at national and subnational levels, including government, civil society and private sector actors;
- Engaging in and holding dialogues with existing and prospective accredited entities;
- Extracting lessons learned from other countries (including through exchange visits, workshops, etc.);
- Supporting the appropriate oversight of GCF activities at the national level; and
- Developing and disseminating informational and awareness-raising materials.

### Strategic frameworks, including the preparation of country programmes

- Developing a country programme that identifies strategic priorities for engagement with the GCF, disseminating information and engaging stakeholders in the country programme;
- Identifying strategic investment priorities and taking stock of existing strategies, policies, and needs assessments, including intended nationally determined contributions, low-emission development strategies, nationally appropriate mitigation actions, national adaptation plans, and national adaptation programmes of action;
- Identifying programmes and projects that advance national priorities and align with the results management framework of the GCF, including support for ensuring an appropriate enabling environment for projects or programmes;
- Developing tools, methods and templates to scale up successful models through programmatic approaches and across geographies;
- In the context of country programmes, formulating concept notes, drawing on intended nationally determined contributions and other climate strategies and plans;
- Activities that would crowd in private and capital market financing for the implementation of country programmes; including providing institutional support to enhance the efficiency of the procurement and tendering processes; and
- Enabling private sector participation, including by supporting the preparation of preliminary studies, tender documents or advisory services for the establishment of public-private partnerships.

### Support for accreditation and accredited direct access entities

- Raising awareness of the GCF accreditation process, fiduciary standards and environmental and social safeguards (ESS);
- Understanding the roles of existing institutions and identifying potential accredited entities;
- Conducting an institutional gap analysis of potential applicants against the fiduciary standards and ESS;
- Developing and implementing a personalized readiness and preparatory support plan that will support applicant institutions to address identified gaps to comply with the fiduciary standards and ESS (may include the development of new policies and procedures);
- Enabling lesson-learning from other institutions that have been through similar accreditation processes; and
- Building the capacity of accredited direct access entities in relation to the GCF activities, in areas such as ESS, the GCF gender policy and action plan, and monitoring and evaluation.

### Formulation of national adaptation plans and/or other adaptation planning processes

- Countries are encouraged to indicate specific activities of direct relevance to adaptation planning, based on national context.

### Annex XIX: An overview of the process for Readiness Support

Source: Adapted from Page 5 of Readiness and Preparatory Support Guidebook, Version 3.0, 15 June 2017



### DECISION B.19/15: Revised 2018 Readiness Work Programme and measures for programme improvement

The Board, having considered document GCF/B.19/32/Rev.01 titled “Readiness and Preparatory Support Programme: Revised Work Programme for 2018”:

- (a) Takes note of the findings of the initial review by the Secretariat of the Readiness and Preparatory Support Programme referred to in decision B.18/09, paragraph (e);

- (b) Also takes note of the immediate measures undertaken by the Secretariat to address the quality issues in the Readiness and Preparatory Support Programme as referred to in decision B.18/09;
- (c) Requests the Secretariat to continue implementing the measures listed in annex XVI;
- (d) Notes the revised work programme for the Readiness and Preparatory Support Programme and request for funding for 2018;
- (e) Approves an additional amount of USD 60 million to be made available for the execution of the Readiness and Preparatory Support Programme; and
- (f) Requests the Secretariat to submit to the Board a proposal for improving the Readiness and Preparatory Support Programme based on the outcome of the conclusions of the Secretariat's initial review and of the independent evaluation of the Readiness and Preparatory Support Programme as soon as it is concluded.

**Annex XVI: List of the measures being implemented by the Secretariat to improve the Readiness and Preparatory Support Programme**

1. Develop a theory of change that better clarifies the outcomes and results of the Readiness and Preparatory Support Programme (hereinafter referred to as the Readiness Programme), in alignment with a unified vision of the programme.
2. Assess the feasibility of potential modalities of ex ante payments with robust ex post monitoring to directly support national designated authorities (NDAs)/focal points, considering the policy and legal implications and risk mitigation measures.
3. Propose revisions and/or improvements to the Readiness Programme to address the evolving and increasingly ambitious needs of countries and entities, taking into account the outcomes of independent evaluation of the Readiness Programme.
4. Strengthen guidelines to facilitate the accessibility of countries to readiness resources. This may include:
  - (a) Improving clarity of readiness application processes (e.g. proposal review and approval criteria) and timelines;
  - (b) Evaluating options to further streamline the readiness application process;
  - (c) Sharing concrete examples of good practices;
  - (d) Further reviewing the readiness guidebook and associated templates, in alignment with any improvement proposed to the readiness framework and access modalities (e.g. updating the Readiness Programme's guidelines based on the new theory of change);
  - (e) Translating the readiness guidebook into additional languages and ensuring more consistent communications and guidelines in multiple languages, including through up-to-date video presentations in multiple languages, where feasible;
  - (f) Strengthening the capacity of the Secretariat, including regional advisors, to improve support and outreach, and to strengthen regional presence;
  - (g) Providing technical/advisory support from the Secretariat, including through more regular in-country engagement, with a view to strengthening the capacity of technical experts at the national level to support countries' delivery of appropriate readiness results;
  - (h) Considering options to formally organize regional networks of NDAs and support their operation through regionally based expertise; and
  - (i) Enhancing knowledge-sharing and placing greater emphasis on peer-to-peer learning.

**DECISION B.18/09: Funding of the Readiness and Preparatory Support Programme and programme review and evaluation**

The Board, having considered document GCF/B.18/07 titled "Readiness and Preparatory Support Programme: progress report":

- (a) Notes the request for additional budget allocation for the Readiness and Preparatory Support Programme for 2017 and 2018 to enable the continued processing and approval

of readiness proposals, including for national adaptation planning and/or other adaptation planning processes;

- (b) Requests the Secretariat to implement immediate measures to address the quality issues identified in the Readiness and Preparatory Support Programme progress report;
- (c) Agrees to conclude expeditiously the terms of reference for the independent evaluation of the programme by adopting a decision as soon as possible in between the eighteenth and nineteenth meetings of the Board, with an aim to initiate and conclude the evaluation by the twenty-first meeting of the Board, while reporting on the progress thereof at the twentieth meeting;
- (d) Approves that the amount of USD 50 million be made available for the execution of the Readiness and Preparatory Support Programme to address immediate requests for the funding of national adaptation planning and/or other adaptation planning processes; and
- (e) Requests the Secretariat to present a revised work programme for the Readiness and Preparatory Support Programme, including a request for funding for 2018, for the Board's consideration at its nineteenth meeting, based on the outcome of the initial review by the Secretariat of the Readiness and Preparatory Support Programme.

#### **DECISION B.18/01(i): 2018 Work Plan of the Board and transmission of meeting documents**

- (i) Decides to consider the terms of reference for the independent evaluation of the Readiness and Preparatory Support Programme between the eighteenth and nineteenth meetings of the Board.

#### **\*DECISION B.17/07: Request for an independent evaluation and its terms of reference of the Readiness and Preparatory Support Programme**

The Board:

- (a) Invites the independent Evaluation Unit to undertake the independent evaluation of the Readiness and Preparatory Support Programme; and
- (b) Requests the head of the independent Evaluation Unit, in consultation with the Co-Chairs, to prepare the terms of reference for the independent evaluation of the Readiness and Preparatory Support Programme to be considered by the Board as a decision between meetings.

#### **\*DECISION B.15/04: Readiness and Preparatory Support – Allocation and Evaluation**

The Board, having considered document GCF/B.15/Inf.08 titled “Progress and outlook report of the Readiness and Preparatory Support Programme”:

- (a) Decides that, from the resources available in the GCF Trust Fund, up to an additional US 50 million is to be made available for the execution of the Fund's Readiness and Preparatory Support Programme (“Programme”);
- (b) Requests the Secretariat, recalling decision B.08/11, paragraph (j), and decision B.13/03, to present the results of the independent evaluation of the Programme to the Board no later than the last meeting in 2017, and to ensure that the results of the evaluation are taken into account when considering requests for resources for the Programme subsequent to the evaluation; and
- (c) Also requests the Secretariat to present the draft terms of reference for the independent evaluation of the Programme for Board consideration at the sixteenth meeting of the Board.

#### **\*DECISION B.13/32: Readiness and Preparedness Support Programme including revised indicative list of supportable activities**

The Board, having considered document GCF/B.13/24 titled “Progress and outlook report of the Readiness and Preparatory Support Programme”,

- (a) Reaffirms the resource allocation framework for the Readiness and Preparatory Support Programme as contained in decision B.08/11;
- (b) Also reaffirms decision B.06/06 on the initial parameters and guidelines for allocating resources during the initial phase of the GCF, that decided that sufficient resources should be provided for readiness and preparatory support activities;
- (c) Further reaffirms the important role of the GCF Readiness and Preparatory Support Programme in the development of country programming frameworks;
- (d) Welcomes the simplification of the readiness support template and encourages the Secretariat to continue to expedite the approval and disbursement of readiness and preparatory support resources;
- (e) Adopts the revised indicative list of activities that can be supported by the Readiness and Preparatory Support Programme as contained in annex VII;
- (f) Requests the Secretariat to present, in their report to the Board at its fourteenth meeting, analysis of the challenges identified so far in the effective and efficient implementation of the Readiness and Preparatory Support Programme, and an assessment of actions taken as well as progress achieved to date on the implementation and outcomes of approved readiness activities;
- (g) Notes difficulties that have been encountered in the conclusion of readiness grant agreements;
- (h) Agrees to simplify the readiness grant agreement with a view to developing an arrangement for country programme framework agreements in order to expedite the disbursement of readiness resources;
- (i) Decides that the terms of the accreditation master agreement template may not be applicable to the readiness programme; and
- (j) Amends decision B.12/31, paragraph (h), to add the following sentence: “Paragraph 7(b) of Exhibit A of the accreditation master agreement shall not apply to readiness delivery partners that have immunities under international law”.

#### Annex VII: Indicative list of activities to be included in the readiness programme

##### ***Establishing and strengthening national designated authorities or focal points***

- Enabling national designated authority (NDA) coordination mechanisms with accredited entities to identify and prioritize national priorities for country programming;
- Strengthening institutional capacities so that the NDA or focal point can effectively fulfill its role;
- Developing national arrangements for promotion, consideration and facilitation of funding proposals;
- Funding for training of NDA or focal point staff members in areas relevant to the objectives of the GCF such as project and programme development, international procurement, accounting, oversight, planning and monitoring and evaluation processes;
- Supporting the ongoing engagement of stakeholders at national and subnational levels, including government, civil society and private sector actors;
- Engaging in and holding dialogues with existing and prospective implementing entities (IEs)/intermediaries;
- Extracting lessons learned from other countries (including through exchange visits, workshops, etc.);
- Supporting the appropriate oversight of GCF activities at the national level; and

- Developing and disseminating informational and awareness-raising materials.

### ***Strategic frameworks, including the preparation of country programmes***

- Developing a country programme that identifies strategic priorities for engagement with the GCF, disseminating information and engaging stakeholders in the country programme;
- Identifying strategic investment priorities and taking stock of existing strategies, policies, and needs assessments, including intended nationally determined contributions, low-emission development strategies, nationally appropriate mitigation actions, national adaptation plans, and national adaptation programmes of action;
- Identifying programmes and projects that advance national priorities and align with the results management framework of the GCF, including support for ensuring an appropriate enabling environment for projects or programmes;
- Developing tools, methods and templates to scale up successful models through programmatic approaches and across geographies;
- In the context of country programmes, formulating concept notes, drawing on intended nationally determined contributions and other climate strategies and plans;
- Activities that would crowd in private and capital market financing for the implementation of country programmes; including providing institutional support to enhance the efficiency of the procurement and tendering processes; and
- Enabling private sector participation, including by supporting the preparation of preliminary studies, tender documents or advisory services for the establishment of public-private partnerships.

### ***Support for accreditation and accredited direct access entities***

- Raising awareness of the GCF accreditation process, fiduciary standards and environmental and social safeguards (ESS);
- Understanding the roles of existing institutions and identifying potential IEs and intermediaries;
- Conducting an institutional gap analysis of potential applicants against the fiduciary standards and ESS;
- Developing and implementing a personalized readiness and preparatory support plan that will support applicant institutions to address identified gaps in order to comply with the fiduciary standards and ESS (may include the development of new policies and procedures);
- Enabling lesson-learning from other institutions that have been through similar accreditation processes; and
- Building the capacity of accredited direct access entities in relation to the GCF activities, in areas such as environmental and social safeguards, gender, and monitoring and evaluation.

### ***Information sharing, experience exchange and learning***

- Conducting regional workshops with NDAs or focal points, existing and potential IEs, civil society and other stakeholders to raise awareness of the emerging modalities of the GCF and opportunities to engage;
- Convening of stakeholders at the regional level to share lessons and experiences from their readiness activities; and
- Distilling lessons from the experience of readiness programming to support practical implementation at the national level and facilitating access to these knowledge products and those of other actors in the international climate finance space (e.g. through online platforms, webinars, etc.).

### ***Formulation of national adaptation plans and/or other adaptation planning processes***

## **DECISION B.13/03: Deferral of evaluation of the Readiness and Preparatory Support Programme**

The Board:

- (a) Decides to defer the independent evaluation of the Fund's Readiness and Preparatory Support Programme to 2017;
- (b) Decides that the independent evaluation of the Fund's Readiness and Preparatory Support Programme will be included in the Work Plan of the Board for 2017; and

- (c) Requests the Secretariat to provide the draft terms of reference of the evaluation for consideration by the Board at its first meeting in 2017.

**\*DECISION B.12/32: Readiness and Preparatory Support Programme**

The Board, having reviewed document GCF/B.12/Inf.06 titled "Progress and outlook report of the Readiness and Preparatory Support Programme,

- (a) Requests the Secretariat to prepare a document for consideration by the Board at its thirteenth meeting, which identifies alternative arrangements to readiness grant agreements aimed at disbursing readiness grants, including those outlined in annex VI to document GCF/B.12/Inf.06, and also identifies obstacles faced by countries;
- (b) Requests the Secretariat to provide advance payments up to a limit of USD 50,000 to countries or their delivery partners that have signed readiness grant agreements where, in the judgement of the Secretariat, lengthy domestic processes are required to conclude the agreement, until a decision is taken regarding paragraph (a) above;
- (c) Decides to defer its consideration of the review of the resource allocation of the readiness programme until its thirteenth meeting, in accordance with decision B.11/04, paragraph (h), and decision B.08/11, paragraph (h);
- (d) Requests the Co-Chairs to undertake consultations with the Board, national designated authorities, focal points, accredited entities and delivery partners to present a recommendation based on paragraph (c) above, for consideration by the Board at its thirteenth meeting;
- (e) Decides to defer the consideration of the improvement and simplification of the process to access the readiness programme, as mandated in decision B.11/04, to its thirteenth meeting;
- (f) Requests the Co-Chairs to undertake consultations with the Board, national designated authorities, focal points, accredited entities and delivery partners, and to present a recommendation on paragraph (e) above for consideration by the Board at its thirteenth meeting;
- (g) Decides to amend decision B.08/11, annex XVIII, section 1.1, paragraph (a), by replacing the words "two-year period" with "one-year period"; decision B.08/11, annex XVIII, section 1.1, paragraph (d)(i), first bullet point by replacing the words "two-year" with "one-year", and decision B.08/11, annex XVIII, section 1.2, (a)(iv) by replacing limitations (i) and (ii) with "an annual cap of USD 100,000 for stakeholder meetings";
- (h) Requests the Secretariat to present, for consideration by the Board at its thirteenth meeting, a proposal on the activities to be covered by the Readiness and Preparatory Support Programme in relation to support for accredited direct access entities. The proposal may include building their capacities in areas related to adaptation, mitigation, environmental and social safeguards, gender, and monitoring and evaluation. The proposal should take into account lessons learned about the accreditation process from the experiences of direct access entities;
- (i) Also requests the Secretariat, in consultation with the Co-Chairs, to present the Country ownership guidelines as referred to in decision B.10/10, paragraph (d), for consideration by the Board at its thirteenth meeting; and
- (j) Also requests the Secretariat, in its progress report to the Board, to include updates on the regional workshops to be organized, on the development of regional hubs, on strengthening expertise in regions to support countries, and an overview of activities being undertaken by readiness partners.

#### **\*DECISION B.11/04: Readiness programme implementation and allocation**

The Board, having reviewed document GCF/B.11/06 titled “Readiness programme implementation (progress report)”:

- (a) Takes note of the information presented in document GCF/B.11/06;
- (b) Reaffirms that readiness and preparatory support is a priority for the Green Climate Fund (GCF) in order to enhance country ownership, ensure a strong pipeline and provide sustained support for building institutional capacity to enable direct access, and emphasizes that the execution of the readiness programme should take into account different national circumstances;
- (c) Recalls that, in accordance with decision B.08/11, paragraph (j), progress in meeting the objectives of the readiness and preparatory support programme will be subject to an independent evaluation;
- (d) Underscores the importance of significantly increasing the approval and timely disbursement of resources to support developing countries in undertaking country programming processes, and strengthening national institutions from the public and private sectors to access the GCF and to build country programmes and pipelines;
- (e) Requests the Secretariat, in consultation with national designated authorities and focal points and readiness delivery partners, to present to the Board at its twelfth meeting a proposal to improve and simplify the process to access funds for country programming and readiness and preparatory support;
- (f) Decides that an additional USD 14 million is to be made available for the execution of the readiness and preparatory support programme, including the activities referred to in paragraphs (b) and (d) above;
- (g) Reaffirms that the GCF, through its readiness and preparatory support programme, in coordination with other programmes and channels, may support a voluntary country-driven national adaptation planning process in accordance with paragraph 40 of the Governing Instrument for the GCF and decision B.08/11;
- (h) Decides to review the interim readiness funding allocation system at its twelfth meeting, in accordance with decision B.08/11, paragraph (h);
- (i) Requests the Secretariat to present, for consideration by the Board at its twelfth meeting, a revised allocation system for readiness and preparatory support taking into account the needs and priorities of developing countries and in line with decision B.06/06; and
- (j) Also requests that the revised allocation system for readiness and preparatory support includes an information note on how the GCF can support developing countries in their voluntary national adaptation planning processes, including activities for which the funds can be used.

#### **\*DECISION B.08/11: Revised programme of work on Readiness and Preparatory Support including allocation, core objectives and activities, and modalities and approach**

The Board, having reviewed document GCF/B.08/10 Revised Programme of Work on Readiness and Preparatory Support, and in alignment with decisions B.05/14 and B.06/06:

- (a) Reaffirms that Fund-related readiness and preparatory support is a strategic priority for the Fund to enhance country ownership and access during the early stages of its operationalization, and may help countries to meet the Fund’s objectives;
- (b) Takes note of the overview of national designated authority (NDA) or focal point designations and requests for readiness support presented in Annex XV;

- (c) Recalls that, in accordance with decision B.06/11, the Secretariat shall report in detail twice a year on activities undertaken by the readiness and preparatory support programme, and the progress of committing and disbursing available funds;

#### **Allocation**

- (d) Recalls decision B.05/14 paragraph (d) (iii);
- (e) Decides that all developing countries will have access to readiness support and that the Fund will aim for a floor of 50% of the readiness support allocation to particularly vulnerable countries, including small island developing States, least developed countries and African States;
- (f) Also decides that readiness commitments to individual developing member countries will be capped at US\$ 1 million per calendar year;
- (g) Affirms that readiness requests will be assessed to ensure complementarity with existing readiness activities, if any;
- (h) Decides that this interim readiness funding allocation system will be reviewed in 2016, taking into consideration the bi-annual reporting referred to in paragraph (c);

#### **Objectives and activities**

- (i) Decides that the core objectives of the readiness programme shall be consistent with the Governing Instrument and prior Board and Conference of the Parties (COP) decisions.  
Readiness funding will be used to support the indicative activities listed in Annex XVI, and in accordance with decision B.08/10, and will include:
  - (i) Supporting the NDA or focal point in accordance with decision B.08/10, to engage with regional, national and sub-national government, civil society and private sector stakeholders with regard to the priorities of the Fund, taking a gender sensitive approach;
  - (ii) Developing strategic frameworks for national engagement with the Fund (including country programmes, in accordance with decision B.08/10 and decision B.07/03 (initial proposal approval process), building on existing strategies and plans, including low-emission development strategies, Nationally Appropriate Mitigation Actions, National Adaptation Plans, and National Adaptation Programmes of Action. Annex XVII provides initial general guidelines for the preparation of country programmes;
  - (iii) Enabling regional, national and sub-national institutions to meet the accreditation standards of the Fund, including for the fast-track accreditation process in coordination with the NDA or focal point; and
  - (iv) Supporting the development of initial pipelines of programme and project proposals, including the identification of appropriate financial instruments, that are aligned with the objectives and initial investment framework of the Fund and that will support a paradigm shift to low-emission and climate-resilient development;
- (j) Decides that progress in meeting these objectives will be subject to an independent evaluation after two years to assess lessons learned;
- (k) Also decides that the Fund can provide up to US\$ 300,000 of direct support to help establish an NDA or focal point and meet the costs of delivering on the Fund's requirements for activities in accordance with Annex XVIII on the basis of needs and actual demand;
- (l) Further decides that the Fund, in coordination with and with the approval of the relevant NDA(s) or focal point(s), will:

- (i) Deploy readiness funding to potential sub-national, national or regional implementing entities (IEs) and intermediaries who wish to be accredited to the Fund, consistent with the fit-for-purpose accreditation approach of the Fund; and
- (ii) Prepare sub-national, national, and regional IEs and intermediaries to apply for accreditation;
- (m) Decides that the Fund, in close coordination with the relevant NDA(s) or focal point(s), will deploy readiness funding to accredited IEs or intermediaries to develop project and programme pipelines, consistent with the Fund's objectives;
- (n) Requests the Private Sector Advisory Group to provide recommendations for the deployment of readiness funding aimed at fostering private sector engagement in climate change financing and activities;
- (o) Decides that, from the resources available or to be made available in the GCF Trust Fund, US\$ 15 million is to be made available for the execution of the readiness and preparatory support programme, and authorizes the Interim Trustee to commit and transfer such funds from the GCF Trust Fund to the Secretariat subject to the availability of resources, with a view to making available a further US\$ 14 million after reviewing the bi-annual report referred to in paragraph (c) above;

#### **Modalities and approach**

- (p) Decides that all deployment of readiness and preparatory support funding will be led by the NDA or focal point. The NDA or focal point will either be the direct beneficiary of readiness support funding and/or will select delivery partners, including international organizations, and other international, regional, national and sub-national, public or private institutions well-versed in readiness activities. The delivery partners will have to demonstrate relevant expertise, experience, and ability to implement. This process will be supported by the Secretariat and the disbursement of funds will be based on agreed milestones;
- (q) Requests the Secretariat to coordinate, collaborate, and enter into partnerships, where appropriate, through framework cooperation agreements such as Memorandums of Understanding, with other national, regional and international institutions involved in the delivery of readiness support. This may include, inter alia, information-sharing and multi-stakeholder dialogues, to maximize complementarity and coherence with existing readiness initiatives. At national level, these efforts will be undertaken in coordination with the NDA or focal point;
- (r) Decides that funding proposals for readiness support will have information on the objectives, activities, outputs, implementation approach, and estimated costs. Each activity will be monitored using appropriate indicators;
- (s) Requests that results, emerging lessons learned and global experiences of the programme be included in the bi-annual report referred to in paragraph (c) above;
- (t) Further decides that readiness support will be implemented in conformity with the administrative policies of the Fund, including its procurement guidelines, and will address any conflicts of interest; and
- (u) Decides that, after reviewing the bi-annual report referred to in paragraph (c) above, the Board may authorize the allocation of additional funds for the execution of additional approved readiness and preparatory support activities.

### Annex XV: Overview of national designated authority or focal point designations and requests for readiness support

<i>Region</i>	<i>Number of National Designated Authorities or Focal Points Designated</i>	<i>Number of Requests for Support</i>
<i>Africa</i>	<i>25</i>	<i>10</i>
<i>Asia</i>	<i>13</i>	<i>3</i>
<i>Small island developing states</i>	<i>21</i>	<i>10</i>
<i>Latin America</i>	<i>3</i>	<i>3</i>
<i>Eastern Europe</i>	<i>3</i>	<i>0</i>
<i>Total</i>	<i>65*</i>	<i>26</i>

*\*Includes 24 Least developed countries.*

*Note: Received by the Secretariat as of 8 October 2014.*

### Annex XVI: Indicative list of activities to be included in the readiness programme

#### **Activity 1: Establishing and strengthening national designated authorities (NDAs) or focal points**

- Strengthening institutional capacities so that the NDA or focal point can effectively fulfil its role;
- Convening stakeholders to identify appropriate NDA or focal point arrangements;
- Supporting ongoing engagement of stakeholders at national and sub-national level, including government; civil society and private sector actors;
- Engaging and holding dialogue with existing and prospective implementing entities (IEs)/intermediaries;
- Extracting lessons learned from other countries (including through exchange visits, workshops, etc.);
- Supporting the appropriate oversight of Fund activities at the country level; and
- Developing and disseminating informational and awareness-raising materials.

#### **Activity 2: Strategic frameworks, including the preparation of country programmes**

- Developing a country programme that identifies strategic priorities for engagement with the Fund, disseminating information and engaging stakeholders in the country programme; and
- Identifying strategic investment priorities and taking stock of existing strategies, policies, and needs assessments, including low-emission development strategies, Nationally Appropriate Mitigation Actions, National Adaptation Plans, and National Adaptation Programs of Action.

#### **Activity 3: Selection of intermediaries or implementing entities and support for accreditation**

- Raising awareness of the Fund's accreditation process, fiduciary standards and environmental and social safeguards (ESS);
- Understanding the roles of existing institutions and identifying potential IEs and intermediaries;
- Conducting an institutional gap analysis of potential applicants against the fiduciary standards and ESS;
- Developing and implementing a personalized readiness and preparatory support plan that will support applicant institutions to address identified gaps in order to comply with the fiduciary standards and ESS (may include development of new policies and procedures); and
- Enabling lesson-learning from other institutions that have been through similar accreditation processes.

#### **Activity 4: Initial pipelines of programme and project proposals**

- Identification of programmes and projects that advance national priorities and align with the results management framework of the Fund, including support for ensuring appropriate enabling investment conditions for specific projects or programmes;
- Project and/or programme preparation;
- Risk assessments including technical, institutional, operational, financial, social and environmental components; and
- Identification of programme and project level indicators aligned with the results management framework of the Fund, and support for the monitoring and evaluation of impacts.

### *Activity 5: Information sharing, experience exchange and learning*

- Conducting regional workshops with NDAs or focal points, existing and potential IEs, civil society and other stakeholders to raise awareness of the emerging modalities of the Fund and opportunities to engage;
- Convening of stakeholders at a regional level to share lessons and experiences from their readiness activities; and
- Distilling lessons from experience of readiness programming to support practical implementation at country level and facilitating access to these knowledge products and those of other actors in the international climate finance space (e.g. through online platforms, webinars, etc.).

### Annex XVII: Initial general guidelines for country programmes

The development of country programmes will engage stakeholders including governments, sub-national institutions, civil society, and the private sector. The process will be led by the national designated authority (NDA) or focal point, taking a gender-sensitive approach. The country programme may include some of the following elements:

#### **1.1 Development and climate context including:**

- (a) Existing climate change-related strategies, policies, Nationally Appropriate Mitigation Actions, National Adaptation Plans, Technology Needs Assessments and National Adaptation Programmes of Action;
- (b) Key data on climate change, referencing national communications, biennial update reports, and other relevant sources of information; and
- (c) National development strategies, economic trajectories, macro-economic circumstances and poverty reduction strategies.

#### **1.2 Roles and contributions of key stakeholders including:**

- (a) Public Institutions at national and sub-national levels;
- (b) Financial institutions;
- (c) Potential sub-national, national, regional and implementing entities and intermediaries;
- (d) Private sector, including micro, small and medium enterprises;
- (e) Civil society and community-based organisations;
- (f) Intended beneficiaries of funded activities; and
- (g) International actors.

#### **1.3 Programming priorities including:**

- (a) Priority areas in mitigation;
- (b) Priority areas in adaptation;
- (c) Integrated approach;
- (d) Financing Needs; and
- (e) Timeline.

#### **1.4 Alignment with the Fund's objectives**

#### **1.5 Complementarity with existing readiness**

#### **1.6 Monitoring and Evaluation**

This arrangement will be reviewed by the Board.

### Annex XVIII: Indicative list of activities for direct support to national designated authorities or focal points and elements of an application for direct support to national designated authorities or focal points

#### **1.1 Parameters for NDA or focal point funding**

- (a) In recognition of their important role in strengthening country ownership and alignment with national priorities, NDAs or focal points may request direct support by the Fund of up to US\$ 300,000 to cover eligible costs for a two-year period;
- (b) Funding requests may be submitted year-round without an application deadline;
- (c) NDAs or focal points must commit to using Green Climate Fund readiness support solely for the purpose

described in the funding request and in accordance with the approved budget; and

- (d) NDAs or focal points applying for funding must submit the following documents to the Secretariat:
- (i) An online funding request form which includes:
    - A detailed two-year budget outlining the NDA or focal point activities to be supported; and
    - A performance framework including targets and milestones that describes how the proposed activities will contribute to strengthening the institutional capacity of the NDA or focal point and in-country coordination and consultation processes.
  - (ii) One month after completion of year 1 of the funding period, the NDAs or focal points must submit a progress update describing (1) results achieved against intended targets; (2) expenditures incurred (broken down by cost category and performance area) including an analysis of any variance between budgeted and actual expenditures.

### 1.2 Parameters for NDA or focal point funding

- (a) Eligible costs include the following items:
- (i) Human resources development  
Funding for human resources development will include cost for training NDA or focal point staff members in areas relevant to the objectives of the Fund such as project and programme development, international procurement, accounting, oversight, planning and monitoring and evaluation processes. This may include short-term or provisional assignments for external contractors to support NDAs or focal points in exercising their functions outlined in decision B.04/05 (e).
  - (ii) Technical assistance  
Technical Assistance can be used for costs directly related to technical or management assistance to support core NDA or focal point functions including development of strategic priorities for engagement with the Fund, programme and project oversight and alignment with other national bodies' stakeholder engagement (such as civil society, academia and the private sector), dialogues with implementing entities and intermediaries.
  - (iii) Planning and administration  
This category includes the following costs:
    - Organization of inter-ministerial coordination processes for GCF-related activities, in particular to assess consistency with national plans, as per decision B.04/05 (e);
    - Travel-related costs for members or invited experts to attend NDA or focal point meetings; and
    - Necessary information technology or other technical infrastructure.

Limitations: A maximum of three inter-ministerial meetings per year should be budgeted.

- (iv) Other meeting expenses, training, workshops, consultations This category includes:
- Training and workshop organization and facilitation; and
  - Consultations with non-governmental constituencies only (e.g. civil society, academia and the private sector) and processes to promote and improve the quality of stakeholder participation, including travel costs and per diems for civil society participation.

Limitations: (i) There should be no more than one stakeholder meeting per quarter with a maximum of two meetings funded per year;

(ii) Stakeholder meetings should not include more than 15 persons participating.

- (v) Communication materials

This category includes: printing, communication and IT costs associated with functions related to performing functions mentioned in decision B.04/05 (e).

### 1.3 Parameters for NDA or focal point funding

- (a) In reviewing a request for direct NDA or focal point funding, the Secretariat will verify that the costs to be supported are eligible, reasonable and consistent with national operating costs. Applicants may be contacted by the Secretariat for clarifications; and

- (b) Funds will be approved for disbursement upon the submission of accurate and verifiable information provided by the NDA or focal point and upon signing of the NDA or focal point funding agreement by all parties.

### 1.4 Parameters for NDA or focal point funding

- (a) The NDA or focal point is requested to include in its proposal the arrangements for receipt and accounting of the funds in a transparent manner. The Secretariat and the NDA or focal point will consult to identify a suitable disbursement arrangement that:
- (i) Is accountable, transparent and verifiable; and
  - (ii) Facilitates access to NDA or focal point funding.
- (b) The Fund reserves the right to conduct an external/independent financial review, audit or evaluation or to take any other action that it deems necessary to ensure accountability in the use of funds.

### **\*DECISION B.08/10: Country ownership/readiness including no objection procedure**

The Board having considered document GCF/B.06/07 Country Ownership:

- (a) Decides that the Board will only consider funding proposals that are submitted with a formal letter of "no-objection", in accordance with the procedure approved in this decision;
- (b) Approves the initial no-objection procedure for funding proposals contained in Annex XII;
- (c) Endorses the initial best-practice guidelines for the establishment of national designated authorities and focal points as contained in Annex XIII, noting their relevance for the implementation of the programme of work on readiness and preparatory support;
- (d) Endorses the initial best-practice options for country coordination and multi-stakeholder engagement, set out in Annex XIV noting that the specific guidance on multi-stakeholder engagement in the context of the development of funding proposals will be included in the Fund's environmental and social safeguards;
- (e) Urges developing countries, as well as entities in a position to provide readiness and preparatory support, to take into account the best-practice guidelines for the establishment of national designated authorities and focal points and the best-practice options for country coordination and multi-stakeholder engagement endorsed in this decision;
- (f) Reiterates its invitation to developing countries to nominate and register with the Fund, through the Secretariat, their respective national designated authority or focal point as soon as possible and no later than March 2015; and
- (g) Requests the Secretariat to:
- (i) Communicate the no-objection procedure to developing countries and to make it available on the Fund's website;
  - (ii) Publish on the Fund's website the list and contact details of registered national designated authorities and focal points and present to the Board an update on their nomination and registration at its next meeting; and
  - (iii) Communicate and publish the recommended best-practice guidelines for the establishment of national designated authorities and focal points, as well as the best-practice options for country coordination and multi-stakeholder engagement, for their use in accordance with this decision.

### Annex XII: Initial no-objection procedure

#### I. Purpose

1. The purpose of the no-objection procedure is to ensure consistency with national climate strategies and plans and country-driven approaches, and to provide for effective direct and indirect public and private sector financing by the Fund. A no-objection is a condition for approval of all funding proposals submitted to the Fund.

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2. The no-objection should be provided to the Secretariat in conjunction with any submission of a funding proposal seeking Fund funding.

3. In the case of applications for accreditation by sub-national, national and regional implementing entities and intermediaries, the national designated authority (NDA) or focal point will facilitate the communication of applications of implementing entities and intermediaries for accreditation to the Fund.

### II. Communication of no-objection to funding proposals

4. Before communicating its no-objection, each country will decide on its own nationally appropriate process for ascertaining no-objection to funding proposals according to the country's capacities and existing processes and institutions.

5. To enhance transparency and consistency with paragraph 46 of the Governing Instrument, each proposal by an intermediary or implementing entity will provide a full description of how the country ownership was conducted and, if not satisfactory, the Board may reject it.

6. The NDA or focal point will communicate its no-objection to the Secretariat in conjunction with every submission for approval of a funding proposal by an intermediary or implementing entity. The no-objection letter will be signed by the official representative of the NDA or focal point registered with the Secretariat.

7. The Secretariat will formally acknowledge the receipt of the no-objection letter to the NDA or focal point and respective implementing entity or intermediary.

8. In cases of submissions of proposals for funding that are not accompanied by a no-objection letter, the Secretariat will inform the NDA or focal point that the funding proposal will not be processed for Board consideration unless the NDA or focal point provides its no-objection. The NDA or focal point shall provide its no-objection within 30 days after receiving this information. After the passage of 30 days, the proposal will be suspended and the Secretariat will notify the IE/intermediary.

9. Communication of no-objection by the NDA or focal point in line with the provisions of this procedure will imply that:

- (a) The government has no-objection to the funding proposal;
- (b) The submitted funding proposal is in conformity with the country's national priorities, strategies and plans, and that consistency was pursued; and
- (c) The submitted funding proposal is in conformity with relevant national laws and regulations, in accordance with the Fund's environmental and social safeguards.

10. In order to enhance transparency, all no-objection communications will be made publicly available on the Fund's website. National designated authorities and focal points are also encouraged to make publicly available their communications of no-objection shortly after being issued, where possible and as applicable.

11. In the case of funding proposals relating to a programme, the no-objection will apply to all projects or activities to be implemented within the approved framework.

### III. Dissemination of the no-objection procedure

12. The no-objection procedure will be made available by the Secretariat on the Fund's website and in printed material where it will be explained in a user-friendly manner. Translations into other languages will be made where possible.

13. The Secretariat will assist NDAs and focal points in the understanding of the no-objection procedure upon request.

14. National designated authorities and focal points are encouraged to disseminate this procedure in their countries as appropriate and through their own websites and communication channels, especially in local languages.

### IV. Review of the no-objection procedure

15. This no-objection procedure may be revised on the basis of evolving needs and experience gained in its implementation.

### Annex XIII: Initial best-practice guidelines for the selection and establishment of national designated authorities and focal points

1. The Board decided that countries may designate a national designated authority (NDA), in conformity with the Governing Instrument, or mandate a country focal point to interact with the Fund. It further decided that countries should have flexibility in relation to the location, structure, operation and governance of NDAs or focal points.

2. The following guidelines serve to help countries in selecting the most appropriate institution to be designated as NDA or focal point with a view to ensuring effective implementation of the Fund's activities.

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### I. Mandate

3. The NDA or focal point will likely be placed within a ministry or authority conversant with the country's national budget, economic policies and their interrelation with climate change-related priorities and development plans.
4. The selected institution should ideally have a mandate that enables the institution to work on and influence an appropriate combination of economic policy and development planning, with appropriate leverage over climate change, energy, sustainability and environmental resource management priorities, strategies and plans.
5. In cases where this combination is not possible, it is recommended that the NDA or focal point be in a position to lead and coordinate a country coordination mechanism that allows for an overview of all these sectors as they relate to the country's climate change strategies and plans.
6. Countries may choose to mandate a focal point while undertaking a process for selecting and establishing an appropriate NDA and setting up all its necessary institutional capacities and country coordination mechanisms, or in cases where special national circumstances so determine. The focal point will therefore fulfil all functions until the NDA is established.

### II. Capacities

7. Ideally, the NDA or focal point should possess or attain through country coordination mechanisms and institutional networks within the country:
  - (a) Adequate knowledge of national priorities, strategies, and plans;
  - (b) The ability to contribute to and drive national development strategies and plans;
  - (c) Familiarity with both mitigation and adaptation efforts and needs in the country;
  - (d) Familiarity with relevant institutions and stakeholders in the countries (including contacts with multilateral and bilateral institutions, civil society organizations, and sub-national, national or regional entities that may be potential candidates for accreditation as intermediaries or implementing entities);
  - (e) Capacity to facilitate and coordinate country coordination mechanisms and multi-stakeholder engagement for country consultations;
  - (f) The ability to monitor and evaluate in accordance with relevant guidelines of the Fund; and
  - (g) An overview of activities of other relevant multilateral, bilateral, regional and global funding mechanisms and institutions working in the country.
8. The NDA or focal point should be able to maintain regular communication with the secretariat in English through Internet-based correspondence, facilitate country visits and meetings with Fund officials, and provide written communication as required.
9. The NDA or focal point should also be able to disseminate in local languages key operational procedures of the Fund, including its environmental and social safeguards and no-objection procedure.
10. The NDA or focal point should also retain an overview of all funding proposals relating to the country and facilitate available information on the projects and programmes through appropriate media and relevant networks, including in local languages.
11. The NDA or focal point should be familiar with multilateral finance and be able to interact with private sector actors in the country.

### III. Authority

12. The legal authority for the NDA or focal point with signing capacity should be at a senior level with the authority to oversee the capacities outlined in Section II.
13. The NDA or focal point should aim to have a team responsible for coordinating and driving communication with the Fund and managing operational activities.
14. The NDA or focal point should lead the country's efforts to prepare the country's country programme.

### IV. Position relative to designated authorities or focal points of other funds

15. In order to ensure consistency with national priorities, strategies, and plans, the NDA or focal point should have the ability to interact and coordinate with the focal points and designated authorities of other funds, if applicable and as appropriate.
16. The NDA or focal point should be familiar with the operations of other funds within the country. Based on country capacities, the NDA or focal point should also drive and coordinate relevant country coordination mechanisms and multi-stakeholder engagement, as needed and appropriate. Accordingly, the NDA or focal point should ideally be able to oversee and streamline the country's engagement with all sources of internal and external climate finance.

### V. Funding of national designated authorities

17. Funding for the establishment and operation of NDAs will be determined in accordance with Board decisions on readiness and preparatory support and paragraph 40 of the Governing Instrument.

### Annex XIV: Initial best-practice options for country coordination and multi-stakeholder engagement

1. The Fund will have a broad scope, funding both mitigation and adaptation activities through multiple access modalities, including through the private sector and other innovative financial instruments. Consequently, on an operational level, it will involve various sectors at multiple levels of governance.

2. It is recommended that countries consider the following criteria for conducting country coordination and multi-stakeholder engagement at the level of national priorities and strategies, or in the development of funding proposals, as appropriate.

#### I. Country strategic framework

3. National climate change strategies, plans and priorities will be the strategic framework provided in a country's country programme, and would therefore be a basis for the preparation and implementation of funding proposals. Recipient countries may therefore define their strategic framework on the basis of existing national climate change plans and strategies, including nationally appropriate mitigation actions (NAMAs), national adaptation plans (NAPs) and national adaptation programmes of action (NAPAs), or choose to develop a Fund-specific strategic framework drawing on existing relevant national plans and strategies. The Fund may provide assistance for the identification of these national strategic frameworks in the context of the Fund's work programme on readiness and preparatory support.

4. In order to ensure systematization of country coordination and multi-stakeholder engagement, countries could be encouraged to design a consultative process through which national climate change priorities and strategies can be defined.

5. A consultative process should aim to be an ongoing process rather than a discrete activity only occurring once without the possibility of follow up, continuous update and regular assessment of progress.

6. These consultative processes should be inclusive and seek to engage all relevant actors within the government, the private sector, academia, civil society and other relevant stakeholder groups or sectors.

7. Criteria and options for country coordination through consultative processes may include:

- (a) Use of existing regular country meetings or national planning/dialogue exercises, including in the context of other sources of funding for climate change activities, the sharing of lessons learned and collection of inputs and views;
- (b) Establishment, when possible and national circumstances allow, of a dedicated country coordination mechanism for the country's identification of its strategic framework in the context of the Fund;
- (c) Integration into other relevant national consultations processes or programming exercises that may enable synergies and the exchange of complementary information; and
- (d) Building on the country's prior experience in coordinating cross-sectoral initiatives and investments and engaging with other sources of finance.

#### II. Development of funding proposals

8. Country coordination and multi-stakeholder engagement are critical for the effective preparation of funding proposals, as well as ongoing monitoring and evaluation after approval. This process should be well aligned with relevant provisions of the Fund's environmental and social safeguards, which require, among other things, that all projects/programmes will be designed and implemented to be consistent with the Fund's requirements for stakeholder engagement and disclosure.

9. The Fund's environmental and social safeguards also require that funding proposals for projects/programmes will also need to have an environmental and social management system (ESMS) that establishes a process of stakeholder engagement and disclosure.

10. Guidance in the application and use of the Fund's environmental and social safeguards, which includes the matters mentioned above, will be made available in the context of the guiding framework for the Fund's accreditation process.

11. Country coordination mechanisms are also important in supporting the ongoing monitoring and evaluation of the Fund's projects and programmes, thus allowing for a process for evaluation at various stages of the project cycle.

12. Through collaboration with intermediaries and implementing entities, country coordination and multi-stakeholder engagement processes may facilitate forums, meetings, or workshops to review progress against results frameworks, discuss best practices and challenges, identify opportunities for enhancing coherence, and integrate lessons learned into relevant plans and priorities.

**\*DECISION B.06/11: Detailed programme of work on readiness and preparatory support**

The Board, having considered document GCF/B.06/14 Detailed Programme of Work on Readiness and Preparatory Support:

- (a) Takes note of the priority activities for readiness and preparatory support:
  - (i) Establishment of national designated authorities or focal points;
  - (ii) Strategic frameworks, including the preparation of country programmes;
  - (iii) Selection of intermediaries or implementing entities;
  - (iv) Initial pipelines of programme and project proposals;
- (b) Requests the Secretariat to elaborate a revised detailed programme of work, for consideration by the Board at its seventh meeting, that includes the following:
  - (i) Readiness activities to be undertaken in countries based on requests for support resulting from a consultation with countries and stakeholders;
  - (ii) A delivery plan for the implementation of these readiness activities. The delivery plan will be developed in consultation with countries and existing initiatives. It will include a timeline and modalities for implementation;
  - (iii) Options for entering into partnerships with existing initiatives, including of sub-national, national, regional and international actors, in order to implement the readiness activities supported by the Fund;
- (c) Decides from the resources available or to be made available in the Green Climate Fund Trust Fund, the allocation of funds in the amount of US\$ 1 million to the Secretariat for the preparation of a detailed programme of work and authorizes the Interim Trustee to commit and transfer such funds from the Green Climate Fund Trust Fund to the Secretariat, subject to the availability of resources in the Green Climate Fund Trust Fund;
- (d) Requests the Secretariat to seek transparency, complementarity, and coherence amongst existing initiatives, and to establish and maintain an information-sharing platform and dialogue and facilitate South-South exchanges;
- (e) Requests the Secretariat to review the modalities for the delivery of readiness support once the Fund's accreditation and allocation policies are approved, with a view of ensuring consistency with the other established operational modalities of the Fund, for consideration by the Board;
- (f) Requests the Executive Director to report to the Board twice a year on:
  - (i) Activities undertaken, including joint activities with existing initiatives;
  - (ii) The progress of committing and disbursing available funds.

**\*DECISION B.05/14: Adoption of scope for readiness and preparatory support**

The Board, having reviewed document GCF/B.05/14 Modalities for Readiness and Preparatory Support:

- (a) Reaffirms that Fund-related readiness and preparatory support is a strategic priority for the Fund to enhance country ownership and access during the early stages of its operationalization, and may help countries to meet the Fund's objectives;
- (b) Decides that the Fund will provide readiness and preparatory support to:
  - (i) Enable the preparation of country programmes providing for low-emission, climate-resilient development strategies or plans;

- (ii) Support and strengthen in-country, Fund-related institutional capacities, including for country coordination and multi-stakeholder consultation mechanisms as it relates to the establishment and operation of national designated authorities and country focal points;
- (iii) Enable implementing entities and intermediaries to meet the Fund's fiduciary principles and standards, and environmental and social safeguards, in order to directly access the Fund;
- (c) Notes the importance of engaging with existing readiness initiatives and programmes at international, national and regional levels to enhance learning and ensure coherence, and mandates the Secretariat to play a leading coordinating role in this regard;
- (d) Further notes:
  - (i) That the scope of readiness and preparatory support could evolve over time and be tailored to address countries' specific circumstances;
  - (ii) The importance of readiness and preparatory support for effective private sector engagement, particularly for small- and medium-sized enterprises and local financial intermediaries in developing countries, and activities to enable private sector involvement in small island developing States (SIDS) and least developed countries (LDCs);
  - (iii) That readiness and preparatory support could be provided to all eligible countries, and that its allocation would take into account the urgent and immediate needs of developing countries that are particularly vulnerable to the adverse impacts of climate change, including LDCs, SIDS and African States;
- (e) Requests the Secretariat to begin advancing readiness in developing countries in the context of its communication and outreach activities;
- (f) Further requests the Secretariat to present to the Board, at its first meeting in 2014, a detailed programme of work relating to the provision of readiness and preparatory support, with relevant timelines and resource needs, which may include, inter alia:
  - (i) Facilitating the assessment of readiness and support needs;
  - (ii) Country programming and portfolio development, including how countries may translate the objectives of the Fund into regional, national or sub-national priorities, given the initial result areas and performance indicators of the Fund;
  - (iii) Outreach activities, including regional workshops, aiming to raise awareness of relevant considerations of low-emission, climate-resilient development strategies and associated country programmes that would allow countries to identify and effectively communicate their priorities to the Fund, and to access resources; the selection, establishment, role and responsibilities of national designated authorities (NDAs) or country focal points, including in coordinating and facilitating multi-stakeholder consultation; and the procedures for selecting, nominating and accrediting sub-national, national and regional implementing entities, and the associated fiduciary principles, and environmental and social safeguards;
  - (iv) Advancing knowledge sharing and peer-to-peer learning among relevant partners and practitioners engaged in readiness and preparatory support, with a view to fostering coordination and coherence, as well as facilitating opportunities for South-South learning;
  - (v) Advisory services, including a help desk to support NDAs or country focal points, prospective national and sub-national implementing entities, and other key stakeholders;

- (vi) Facilitating, in collaboration with relevant partners, arrangements for training, mentorship and twinning in support of NDAs or country focal points and sub-national and national entities seeking accreditation with the Fund;
- (g) Further requests the Secretariat to outline a system for determining the allocation of resources, separate from the support provided from the Secretariat's administrative budget, for readiness and preparatory support, for consideration by the Board at its first meeting in 2014;
- (h) Decides that the urgent need to provide readiness and preparatory support should be reflected in the administrative budget and staffing of the Secretariat;
- (i) Further requests the Secretariat to mobilize resources for readiness and preparatory support.

### **DECISION B.01-13/10: Further work on modalities for readiness and preparatory support**

The Board, having reviewed document GCF/B.01-13/08 Modalities for Readiness and Preparatory Support,

- (a) Adopted the scope of further work on the modalities for readiness and preparatory support set out in Annex XIX of document GCF/B.01-13/08;
- (b) Decided to explore options for making short-term progress on readiness, including, given the availability of resources, to initiate work on operationalizing a readiness phase, including on:
  - (i) identifying and engaging with existing initiatives and programmes on readiness and preparatory support in order to enhance learning and ensuring coherence, including a possible workshop;
  - (ii) identifying short-term initiatives to support readiness and preparatory support; and
  - (iii) assessing available information on readiness and preparatory support needs and gaps;
- (c) Invited countries to provide additional resources to the administrative budget of the Fund.

(Note: Annex XIX mentioned in decision B.01-13/10 can be found at the following link:

[https://www.greenclimate.fund/documents/20182/24931/GCF\\_B.01-13\\_12\\_-\\_Decisions\\_of\\_the\\_Board\\_-\\_Third\\_Meeting\\_of\\_the\\_Board\\_13-15\\_March\\_2013.pdf/05f6e4ae-3c80-455c-90c7-4b5750c234a4](https://www.greenclimate.fund/documents/20182/24931/GCF_B.01-13_12_-_Decisions_of_the_Board_-_Third_Meeting_of_the_Board_13-15_March_2013.pdf/05f6e4ae-3c80-455c-90c7-4b5750c234a4) )

### **PROJECT PREPARATION FACILITY**

#### **\*DECISION B.13/21: Operational guidelines for the Project Preparation Facility**

The Board, having considered document GCF/B.13/14 titled "Operational guidelines for the Project Preparation Facility":

- (a) Recalls decision B.11/11, paragraph (l), and decision B.12/25;
- (b) Decides that the Project Preparation Facility will support project and programme preparation requests from all accredited entities, especially direct access entities, especially for projects in the micro-to-small size category in accordance with decision B.10/17, with a view to enhancing the balance and diversity of the project pipeline;
- (c) Also decides that the Project Preparation Facility will support the following activities:
  - (i) Pre-feasibility and feasibility studies, and project design;
  - (ii) Environmental, social and gender studies;

- (iii) Risk assessments;
  - (iv) Identification of programme- and project-level indicators;
  - (v) Pre-contract services, including the revision of tender documents;
  - (vi) Advisory services and/or other services to financially structure a proposed activity; and
  - (vii) Other project preparation activities, where necessary, and with sufficient justification;
- (d) Further decides the following operating modalities:
- (i) The Secretariat will develop a Project Preparation Facility request template by also modifying the concept note template to request information on the underlying project/programme;
  - (ii) Project Preparation Facility requests will be developed by accredited entities in consultation with the national designated authorities or focal points and with support from the Secretariat;
  - (iii) Project Preparation Facility requests will be submitted by accredited entities in conjunction with a no-objection letter consistent with the initial no-objection procedure approved by decision B.08/10;
  - (iv) For the initial phase, the Board authorizes the Executive Director to approve the Project Preparation Facility requests based on an assessment of the request against the investment criteria of the GCF as defined in decision B.07/06, a justification of needs, and consistency with relevant GCF policies taking into consideration paragraph (b) above;
  - (v) Each approved Project Preparation Facility request will be disclosed on the GCF website upon approval;
  - (vi) An amount of USD 40 million will be made available for the implementation of the initial phase of the Project Preparation Facility;
  - (vii) Support for each Project Preparation Facility request will be provided commensurate with the activities listed in paragraph (c) above in the Project Preparation Facility request and the funding proposal being developed, limited to a maximum amount of USD 1.5 million;
  - (viii) Support for Project Preparation Facility requests will be in the form of grants and repayable grants, and equity may also be considered for private sector projects;
  - (ix) The Secretariat will report at each Board meeting on the pipeline of Project Preparation Facility requests received, approved and under implementation;
  - (x) The Secretariat will also report on the conversion of concept notes receiving Project Preparation Facility support to funding proposals submitted and approved by the Board;
  - (xi) Funding proposals developed with Project Preparation Facility resources should be submitted to the Board within two years of the approval of a Project Preparation Facility request unless sufficient justification for an extension is provided; and
  - (xii) Sufficient staffing and resources will be provided to the Secretariat to ensure the Project Preparation Facility operates effectively;
- (e) Decides that the independent Evaluation Unit will review the implementation of operational guidelines and the effectiveness of the Project Preparation Facility in order to draw lessons learned no later than the end of the initial resource mobilization period; and

- (f) Also decides to review funding for the Project Preparation Facility at its seventeenth meeting or once the funds made available through this decision are fully committed, whichever is earlier.

**\*DECISION B.12/25: Operationalization of the Project Preparation Facility**

The Board,

- (a) Requests the Secretariat to present a document, taking into consideration the views expressed by the Board at its twelfth meeting, on matters related to the scope and functioning of the Project Preparation Facility, for consideration and adoption by the Board at its thirteenth meeting; and
- (b) Notes that the Board will consider applications under the Project Preparation Facility once the guidelines are adopted.

**\*DECISION B.11/11 (I): Consideration of funding proposals/Establishment of the Project Preparation Facility**

The Board, at its Eleventh Meeting:

- (I) Also decides to establish a project preparation facility to provide funding of up to 10 per cent of requested GCF funding with a maximum of USD 1.5 million for any single proposal. The process would involve concept notes providing due justification of need from accredited entities. After an appropriate review and an initial assessment against the investment criteria and justification of need, the Secretariat will send its funding request for project preparation to the Board for approval. The project preparation facility would be targeted to small-scale activities and direct access entities. The Secretariat will review the project preparation facility for consideration by the Board at its fourteenth meeting;

### REDD PLUS

**\*DECISION B.18/07: REDD Plus results based payment pilot programme**

The Board, having considered document GCF/B.18/06 titled "Request for proposals for the pilot programme for REDD-plus results-based payments":

- (a) Takes note of the progress made in finalizing the draft request for proposals for the REDD-plus results-based payments pilot programme, as mandated in decision B.17/18, in the form set out in annex XI;
- (b) Decides to set, for the REDD-plus results-based payments pilot programme only, the valuation of results at USD 5 per tonne of verified emission reductions of carbon dioxide equivalent (tCO<sub>2</sub> eq);
- (c) Decides to allocate up to USD 500 million to the request for proposals for the pilot programme for REDD-plus results-based payments.
- (d) Decides to adopt the request for proposals for the pilot programme for REDD-plus results-based payments as set out in annex XI and the corresponding scorecard provided in annex XII;
- (e) Requests the Secretariat to develop all corresponding templates and guidance for national designated authorities and accredited entities for applying to the request for proposals no later than two months after its adoption by the Board.
- (f) Requests the Secretariat to conduct an analysis of the experience with, and the progress made towards achieving the objectives of the pilot programme for REDD-plus results-based payments for its consideration no later than at its last meeting in 2019.

(Note: Annexes XI and XII mentioned in decision B.18/07 can be found at the following link:

[https://www.greenclimate.fund/documents/20182/820027/GCF\\_B.18\\_23\\_-\\_Decisions\\_of\\_the\\_Board\\_eighteenth\\_meeting\\_of\\_the\\_Board\\_30\\_September\\_2\\_October\\_2017.pdf/b55d8183-005c-4518-91dc-152113506766](https://www.greenclimate.fund/documents/20182/820027/GCF_B.18_23_-_Decisions_of_the_Board_eighteenth_meeting_of_the_Board_30_September_2_October_2017.pdf/b55d8183-005c-4518-91dc-152113506766))

### **DECISION B.17/19: GCF support for early phases of REDD-plus**

The Board, having considered document GCF/B.17/16 titled “Green Climate Fund support for early phases of REDD-plus”:

- (a) Takes note of the document provided to support efforts by national designated authorities and focal points to engage with the GCF in the early phases of REDD-plus using existing modalities, tools and programmes, and seeking complementarity and coherence for REDD-plus finance with other funds and initiatives;
- (b) Encourages national designated authorities and focal points to access readiness support directly, or to collaborate with readiness delivery partners and accredited entities to submit readiness requests, for the early phases of REDD-plus, using the existing modalities for accessing readiness and preparatory support;
- (c) Also encourages national designated authorities and focal points to collaborate with accredited entities to submit concept notes, Project Preparation Facility requests and funding proposals that will facilitate support for the early phases of REDD-plus; and
- (d) Requests the Secretariat to prepare appropriate communication material in order to facilitate access to the information presented in document GCF/B.17/16 and update the information provided in the light of future decisions when needed.

### **DECISION B.17/18: Pilot programme for REDD-plus results-based payments**

The Board, having considered document GCF/B.17/13 titled “Pilot programme for REDD-plus results-based payments”:

- (a) Takes note of the progress made in preparing the draft request for proposals for the pilot programme for REDD-plus results-based payments, as mandated in decision B.14/03, and the related draft scorecard in the form set out in annex II and annex III to document GCF/B.17/13;
- (b) Requests the Secretariat to undertake a further analysis of existing GCF policies and procedures adopted by the Board and reflect in the draft request for proposals referred to in paragraph (c) below the manner in which such policies and procedures would need to be applied or otherwise considered in order to operationalize GCF REDD-plus results-based payments proposals; and
- (c) Also requests the Secretariat to finalize the draft request for proposals for the pilot programme for REDD-plus results-based payments and the related draft scorecard in the light of the final analysis referred in paragraph (b) above and the discussions of the Board at its seventeenth meeting on this matter and present it to the Board for its consideration at its eighteenth meeting.

### **DECISION B.14/03: Support for REDD plus**

The Board, having considered document GCF/B.14/03 titled “Support for REDD-plus”\*

- (a) Recognizes the need to complement other sources and types of finance, and that the GCF can support the development of national REDD-plus strategies or action plans and investment plans, including through the Readiness and Preparatory Support Programme,†

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\* Reducing emissions from deforestation and forest degradation in developing countries; and the role of conservation, sustainable management of forests and enhancement of forest carbon stocks in developing countries

† Annex VII to decision B.13/32.

and that the fund can support the implementation of national REDD-plus strategies or action plans;‡

- (b) Requests the Secretariat to develop for consideration by the Board at its sixteenth meeting:
  - (i) A request for proposals for REDD-plus results-based payments, including guidance consistent with the Warsaw Framework for REDD+ and other REDD-plus decisions under the United Nations Framework Convention on Climate Change, taking into account topics included in sections 4.1 and 4.2 of document GCF/B.14/03 and decision B.08/08; and
  - (ii) Further guidance to support efforts by national designated authorities and focal points to engage with the GCF in early phases of REDD-plus using existing GCF modalities, tools and programmes; and
- (c) Also requests the Secretariat to implement, with the advice of the Co-Chairs, a process for stakeholder and expert input to support its work under this decision and provide a progress report to the Board at its fifteenth meeting.

**\*DECISION B.08/08: Adoption of initial logic model and performance measurement framework for REDD+ results-based payments**

The Board, having considered document GCF/B.08/08/Rev.01 Initial Logic Model and Performance Measurement Framework for REDD+ Results-based Payments,

- (a) Adopts the initial logic model for REDD+ results-based payments and the performance measurement framework (PMF) for REDD+ results-based payments, as presented in Annex X and Annex XI, respectively;
- (b) Acknowledges that the initial logic model and PMF are prepared in accordance with the methodological guidance in the Warsaw Framework for REDD+ and in response to decision B.07/04, paragraph (k);
- (c) Notes that:
  - (i) This model shows the way in which results-based payments for REDD+ contribute to the achievement of the Fund’s overall mitigation objectives at the levels of the paradigm shift and impacts; and
  - (ii) The Warsaw Framework specifies that results are to be expressed in tCO<sub>2</sub>e (UNFCCC decisions 9-15/CP.19) and this initial logic model is therefore designed in line with this definition of results;
- (d) Further notes that methodologies for the indicators in the PMF will be aligned with methodological guidance provided by the Conference of the Parties to the United Nations Framework Convention on Climate Change;
- (e) Also notes that the operationalization of REDD+ results-based payments needs to be considered in the context of the Fund’s investment framework and in line with its allocation policy; and
- (f) Notes that this initial logic model and PMF may be updated as decided by the Board.

Annex X: Initial logic model for REDD+ results-based payments

	Level	Results
<b>Elements of the Fund's</b>	<b>Paradigm Shift</b>	Shift to low-emission sustainable development pathways (forest cover and forest carbon loss is slowed, halted, and reversed)

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‡ Decision 1/CP.16, including paragraphs 71 and 73, and subsequent REDD-plus decisions.

## Chapter III: GCF Funding Windows/Programmes

		<b>Impacts (Fund level)</b>				
		4.0 Reduced emissions from land use, deforestation, forest degradation, and sustainable management of forests and conservation and enhancement of forest carbon stocks <sup>1</sup>				
<b>REDD+ results-based payments (for verified tCO<sub>2</sub>e)</b>						
		↑	↑	↑	↑	↑
<b>Elements defined for REDD+ results-based payments</b>	<b>Programme outcomes (national or sub-national)</b>	A. Reduced emissions (tCO <sub>2</sub> eq) from deforestation	B. Reduced emissions (tCO <sub>2</sub> eq) from forest degradation	C. Reduced emissions and increased removals (tCO <sub>2</sub> eq) through the conservation of forest carbon stocks	D. Reduced emissions and increased removals (tCO <sub>2</sub> eq) through the sustainable management of forests	E. Increased removals (tCO <sub>2</sub> eq) through the enhancement of forest carbon stocks
	<b>Programme outputs (national or sub-national)</b> (as deemed appropriate by each country)	Reduced deforestation	Reduced forest degradation	Increased conservation of forest carbon stocks	Increased application of sustainable management methods	Forest carbon stocks enhanced

<sup>1</sup> As per 1/CP.16, REDD+ may be implemented nationally, or as an interim measure, on a subnational scale. This means that reduced emissions and increased removals from REDD+ are also to be measured, reported, verified and paid for at the national level, or as an interim measure, at the subnational level.

### Annex XI: Performance measurement framework for REDD+ results-based payments

Expected Results	Indicators	Reporting responsibility/ frequency	Assumptions/Notes
<b>Paradigm shift objective</b>			
Shift to low-emission sustainable development	As per the general mitigation PMF	Secretariat/annual	Derived from mitigation PMF
<b>Impacts ( Fund level)</b>			
4.0 Reduced emissions from land use, deforestation, forest degradation, and sustainable management of forests and conservation	Tonnes of carbon dioxide equivalent (tCO <sub>2</sub> eq) reduced (including increased removals) from	Secretariat based on aggregate reporting an analysis across Fund/annual	Derived from mitigation PMF
<b>Programme outcomes (national or sub-national)<sup>1</sup></b>			
A. Reduced emissions (tCO <sub>2</sub> eq) from deforestation	Reduced emissions (tCO <sub>2</sub> eq)	Executing entities (EEs)/biennial or otherwise defined	The Fund will disburse RBPs in accordance with the guidance in decision 9/CP.19 which requires, inter alia: -Results in tCO <sub>2</sub> eq that have undergone technical analysis referred to in 14/CP.19 -A Reference Emission Level/ Reference Level (REL/RL) that has undergone technical assessment referred to in 13/CP.19 -The most recent summary of information showing how all the safeguards referred to in 1/CP.16 have
B. Reduced emissions (tCO <sub>2</sub> eq) from forest degradation	Reduced emissions (tCO <sub>2</sub> eq)	EEs/biennial or otherwise defined	
C. Reduced emissions and increased removals(tCO <sub>2</sub> eq) through the conservation of forest	Reduced emissions and increased removals (tCO <sub>2</sub> eq)	EEs/biennial or otherwise defined	
D. Reduced emissions and increased removals (tCO <sub>2</sub> eq) through the sustainable management of	Reduced emissions and increased removals (tCO <sub>2</sub> eq)	EEs/biennial or otherwise defined	

Expected Results	Indicators	Reporting responsibility	Assumptions/Notes
E. Increased removals (tCO <sub>2</sub> eq) through the enhancement of forest carbon stocks	Increased removals (tCO <sub>2</sub> eq)	EEs/biennial or otherwise defined	been addressed and respected, consistent with 1/CP.16, 12/CP.17, 9/CP.19 and 12/CP.19 -A national strategy or action plan as referred to in 1/CP.16 -Information on the national forest monitoring system as referred to in 14/CP.19 The source for the above information will be the UNFCCC REDD+ information hub.

<sup>1</sup> Countries may report on the outcomes (tCO<sub>2</sub>eq) of each REDD+ activity (A.-E.) separately or in a combined manner  
Remarks: REDD+ programmes supported by the Fund through REDD+ RBP are envisaged to use relevant indicators in this PMF and can identify additional indicators that are relevant and compelling in light of specific circumstances on a case-by-case basis. The Fund is a continuously learning institution. The PMF results, indicators and associated methodologies will be refined and adapted as needed based on the experience gained and lessons learnt from the implementation.

### PILOT PROGRAMME FOR ENHANCED DIRECT ACCESS (\*)

#### \*DECISION B.10/04: Approval of terms of reference for a pilot phase enhancing direct access

The Board, having considered document GCF/B.10/05 Additional Modalities that Further Enhance Direct Access: Terms of Reference for a Pilot Phase:

- (a) Approves the terms of reference for a pilot phase enhancing direct access to the Green Climate Fund (the Fund) as contained in Annex I to this document;
- (b) Requests the Secretariat, under the guidance and oversight of the Accreditation Committee and in consultation with relevant stakeholders and the independent Technical Advisory Panel, to prepare and launch a request for proposal for countries, in accordance with Annex I hereto (Request for Proposal), through their national designated authorities or focal points and public media;
- (c) Recalls that access to Fund resources will be through accredited entities. As such, nominated entities must be accredited by the Fund, in respect of the Fund's fit-for-purpose approach, prior to the review by the Board of their pilot proposals;
- (d) Requests the Secretariat to publish the pilot proposals on the Fund's website at least 21 calendar days before the first day of the meeting at which they will be presented to the Board for approval;
- (e) Also requests the Secretariat and the independent Technical Advisory Panel to undertake the assessment of pilot proposals received in response to a request for proposal from countries in accordance with the Fund's initial proposal approval process,<sup>1</sup> and the initial investment framework and to provide recommendations on pilots to be approved with the initial aim of providing up to US\$ 200 million for at least 10 pilots, including at least four pilots to be implemented in small island developing States, the least developed countries and African States; and
- (f) Further requests the Secretariat to report back to the Board on the progress made on this request for proposal at the twelfth meeting of the Board.

(\*) Additional decisions on Direct Access can be found in Chapter I, Business Model (please see *Direct Access*)

<sup>1</sup> Decision B.07/03

### Annex I: Terms of reference for a pilot phase enhancing direct access to the Green Climate Fund

#### **I. Objective of the pilot phase**

1. The objective of the pilot phase for enhancing direct access is to allow for an effective operationalization of modalities with the potential to enhance access by sub-national, national and regional, public and private entities to the Green Climate Fund (the Fund). This will include devolved decision-making to such entities, once accredited, and stronger local multi-stakeholder engagement. The pilot phase will offer the Fund an opportunity to gain experience and additional insights through such an approach.
2. In addition, the pilot phase can also be used to draw lessons learned with regard to:
  - (a) Promoting the paradigm shift towards low-emission and climate-resilient development pathways;
  - (b) Country coordination and multi-stakeholder engagement, replication and sustainability;
  - (c) Governance standards; and
  - (d) Targeted readiness support.
3. Learning processes will be supported by a specific monitoring and evaluation plan for each pilot at the country level, where key performance indicators will be specifically designed for this purpose. A final evaluation at the country level and over all pilots will consolidate the lessons learned, allowing scalability and mainstreaming.
4. The pilot phase will be evaluated and lessons learned will lead to potential scaling up. The evaluation timing will be set for assessing mid-term outcomes (two to three years) and longer term impacts and lessons to be learned (five years or more).

#### **II. Steps of the pilot phase**

5. Enhancing direct access is necessary mainly because decision-making on the specific projects and programmes to be funded will be made at the national or subnational level<sup>2</sup> and such direct access is a means by which to increase the level of country ownership<sup>3</sup> over those projects and programmes. This implies that the screening, assessment and selection of specific pilot activities would be made at the regional, national or subnational level. At the same time, mechanisms will be set up to increase national oversight and multi-stakeholder engagement at the country level.
6. The following steps will be conducted in the pilot phase:
  - (a) A call for pilot proposals by the Secretariat;
  - (b) The selection and nomination of a prospective accredited entity (e.g. subnational, national or regional entity) through a consultative process by the national designated authority (NDA) or focal point under the direct access modality;
  - (c) If not already accredited, application by the prospective entity for accreditation. Access to Fund resources will be through accredited entities. As such, nominated entities must be accredited by the Fund prior to the submission of their pilot proposals to the Board;
  - (d) The process will follow the accreditation framework, including decisions related to fit-for-purpose and fast-tracking;
  - (e) Submission of a proposal developed by the accredited entity (or by the prospective accredited entity), in consultation with the NDA or focal point, to the Fund for approval. Unlike the traditional direct access modality, there will be no submission of individual projects or programmes to the Fund because decision-making for the funding of specific pilot activities will be devolved to the country level;
  - (f) The assessment of each individual pilot proposal received will follow the Fund's initial approval process;
  - (g) Legal arrangements between the Fund and the accredited entity for the Fund-approved pilot; and
  - (h) Decision-making by the entity on the specific pilot activities under the Fund-approved pilot, in consultation with the NDA or focal point, the institution fulfilling the oversight function, and various stakeholders in the multi-stakeholder engagement process.
  - (i) The process will follow the accreditation framework, including decisions related to fit-for-purpose and fast-tracking;
  - (j) Submission of a proposal developed by the accredited entity (or by the prospective accredited entity), in consultation with the NDA or focal point, to the Fund for approval. Unlike the traditional direct access modality, there will be no submission of individual projects or programmes to the Fund because decision-making for the funding of specific pilot activities will be devolved to the country level;

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<sup>2</sup> United Nations Development Programme/Overseas Development Institute. 2011. Direct Access to Climate Finance: Experiences and Lessons Learned.

<sup>3</sup> Müller B, 2014. Enhancing Direct Access and Country Ownership.

- (k) The assessment of each individual pilot proposal received will follow the Fund's initial approval process;
- (l) Legal arrangements between the Fund and the accredited entity for the Fund-approved pilot; and
- (m) Decision-making by the entity on the specific pilot activities under the Fund-approved pilot, in consultation with the NDA or focal point, the institution fulfilling the oversight function, and various stakeholders in the multi-stakeholder engagement process.

### **III. Role of NDAs and focal points**

7. The NDA or focal point will have a strong role in the pilot, in consultation with relevant national stakeholders, by:
- (a) Communicating the country's strategic frameworks within which prospective entities will develop pilot proposals;
  - (b) Inviting and selecting subnational, national and regional entities, from the public and private sectors, to propose pilot proposals for consideration by the Fund;
  - (c) Nominating the selected entities for accreditation by the Fund; and
  - (d) Participating in the appraisal of the pilot proposals and subsequently in the monitoring and evaluation of the country pilot in accordance with the Fund's relevant guidelines.

### **IV. National oversight and steering function and multi-stakeholder engagement**

8. Countries participating in the enhancing direct access pilot phase are required to exercise oversight on the activities to ensure transparency. For this purpose, it is recommended that countries identify an existing institution that will fulfil this role.
9. Oversight and steering activities may include:
- (a) A provision of regular strategic guidance regarding the country pilot(s) to the accredited entities;
  - (b) Review of reporting by the accredited entity;
  - (c) Periodic field visits; and
  - (d) Regular communication with relevant stakeholders and the Fund.
10. The oversight function should include the NDA or focal point and representatives of relevant stakeholders, such as government, the private sector, academia or civil society organizations, and women's organizations.
11. In the elaboration and implementation of the country pilot, countries are expected to consider the criteria included in the Fund's initial best-practice options for country coordination and multi-stakeholder engagement, as set out in Annex XIV to decision B.08/10 and the priorities identified in the countries' climate strategies and action plans.
12. Readiness funding could be provided to support the strengthening or establishment of such processes.
13. Prior to their implementation, details of individual projects or programmes will be made accessible to the public via the websites of the NDA or focal point, and the accredited entity.
14. The Secretariat will provide guidance on the set up and operations of these processes.

### **V. Type of entities to be involved in implementation**

15. NDAs or focal points can nominate an entity for the implementation of the country pilot, such as a public sector institution (development bank, national fund, etc.) or private sector entity (commercial bank, investment fund, etc.) and non-governmental organizations operating at the regional, national or subnational levels.
16. In order to ensure the inclusion of a wide range of stakeholders, the selected entity will work with various types of local actors, especially those addressing the needs of vulnerable communities and gender aspects, which may include public institutions, local bodies, non-governmental organizations, community-based organizations, actors from the informal sector, and private enterprises, particularly small and medium-sized enterprises (SMEs).
17. Interested countries can include a request for readiness support in their pilot proposals, particularly to provide support in multi-stakeholder engagement and the strengthening of oversight mechanisms to enhance accountability and transparency.

### **VI. Accreditation and the Fund's standards**

18. Entities will have to be accredited before being able to fund activities with the Fund's resources. They will have to demonstrate compliance with the Fund's standards in the accreditation process, which includes the assessment of entities' capabilities, competencies and track records in having and undertaking financial, environmental and social risk mitigation measures. These include the basic fiduciary standards and relevant specialized fiduciary standards for project management, grant award and/or funding allocation mechanisms on-

lending and/or blending (for loans, equity, and/or guarantees)<sup>4</sup> through the Fund's accreditation process, and the Fund's environmental and social safeguards<sup>5</sup> and Gender Policy.<sup>6</sup> Accredited entities will be accountable for the financial management of activities under the pilot in accordance with the Fund's policies. Compliance with the Fund's standards and safeguards will be assessed in accordance with the Fund's monitoring and accountability framework and its processes and procedures.

19. Compliance with the Fund's specialized fiduciary standards on grant award and/or funding allocation mechanisms, and on-lending and/or blending<sup>7</sup> may be required depending on the nature of the activities to be undertaken.

20. Readiness support can be provided to assist entities through the accreditation process.

### **VII. Type of activities to be considered**

21. The country pilots can include both adaptation and mitigation activities that will contribute to one or more of the Fund's result areas. A gender-sensitive approach in developing the activities of the pilots is recommended in accordance to the Fund's Gender Action Plan. A significant share of small-scale activities should directly support communities or SMEs through, for example, small-scale grants or extended lines of credit.

22. The entities nominated by the NDA or focal point for accreditation will work through various types of local actors in the development of potential projects and programmes, particularly local intermediaries and those addressing the needs of vulnerable communities, which may include public institutions, non-governmental organizations and private enterprises, especially SMEs.

23. Depending on the type of accreditation of the selected entity and its capacity, Fund resources may be deployed in the form of the following financial instruments in the pilot: grants, loans, equity and guarantees<sup>8</sup>

### **VIII. Indicative content of proposals**

24. The proposals should contain the following contents at a minimum:

- (a) Background and contact information (including the name of institution or organization proposing the activities, contact information of key person(s), etc.);
- (b) A description of the consultation and selection process facilitated by the NDA or focal point of the nominated direct access accredited entity;
- (c) A description of the proposed scope of activities, including objectives, type, sectors, size and geographic locations. The pilot's specific objectives and goals should be aligned with the Fund's results management framework;<sup>9</sup>
- (d) A description of the approval process and selection criteria for the activities, which should be consistent with the Fund's initial investment framework and proposal approval process;<sup>10</sup>
- (e) A composition of the decision-making body that will be housed and managed by the entity. The decision-making body should include civil society, the private sector and other relevant stakeholders, and should be sensitive to gender considerations;
- (f) A composition of the oversight function, which may include representatives from organizations such as those indicated in Chapter IV of these terms of reference(TOR);
- (g) A composition of those with involvement in the multi-stakeholder engagement process. Guidance provided in Chapter IV of this TOR may be referenced;
- (h) A time frame of implementation, including start date and duration;
- (i) The funding amount to be requested, including the financial instrument (e.g. grant, loan, equity, guarantee);
- (j) Risk assessment and management, including assumptions, factors, ratings, and mitigation measures; and
- (k) Monitoring and evaluation, including logical frameworks, methods, criteria, information to be reported, frequency, responsibilities, means of verification and evaluation plans.

25. Accredited entities are encouraged in the development of their pilot proposals to adopt gender-sensitive and participatory approaches in planning, and monitoring and evaluation so as to assure that the needs of communities are appropriately addressed.

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<sup>4</sup> Annex II to decision B.07/02.

<sup>5</sup> Annex III to decision B.07/02.

<sup>6</sup> Annex XIII to decision B.09/11.

<sup>7</sup> Annex III to decision B.07/02.

<sup>8</sup> The Board, by decision B.08/12, decided that the Fund will work through accredited entities, who may deploy the resources in approved projects and programmes, by using financial instruments, focusing on grants, concessional loans, equity and guarantees.

<sup>9</sup> Document GCF/B.07/04.

<sup>10</sup> Document GCF/B.07/06.

### **IX. Monitoring, evaluation and timeline of the pilot phase**

26. Each of the pilots will report to the Secretariat on the progress of the implementation on an annual basis and when specifically requested.

27. The Secretariat will report to the Board on an annual basis, detailing the progress of the pilot phase based on the reports provided by the accredited entity and NDA or focal point.<sup>11</sup> This will follow the guidance on monitoring, reporting and evaluation initially described in Section 6.2 of the Fund's results management framework.<sup>12</sup> The monitoring will also follow the initial monitoring and accountability framework for accredited entities of the Fund.<sup>13</sup>

28. Each country pilot will be reviewed by the Fund two years after its approval, and will be evaluated after five years to assess its impact, effectiveness and lessons learned on potential scalability.

29. The overall pilot phase will be evaluated after five years.

30. The monitoring, reporting and evaluation system for the overall pilot phase will be aligned with the standards of the Fund's results management framework and will be regularly reviewed for improvement once lessons from implementation are made available. This is aligned with the decisions of the fifth meeting of the Board<sup>14</sup> that recognize that the Fund is a continuously learning institution and will maintain the flexibility to refine its results management framework and indicators.

31. Target groups of projects or programmes and other relevant stakeholders, such as government, the private sector, academia or civil society, will actively participate in monitoring the pilots.

### **X. Financial volume of the pilot phase**

32. The pilot phase will initially aim to provide up to US\$ 200 million for at least 10 pilots, including at least 4 pilots to be implemented in small island developing States, the least developed countries and African States. The proposals will be selected on the basis of the Fund's initial proposal approval process, investment framework and results management framework and will be approved by the Board.

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<sup>11</sup> As indicated in decision B.08/10, Annex XIII, Chapter II.

<sup>12</sup> Document GCF/B.07/04.

<sup>13</sup> Progress report provided in document GCF/B.10/Inf.10.

<sup>14</sup> Decision B.05/03, paragraph (h).

## CHAPTER IV. ACCOUNTABILITY UNITS

### HEADS OF THE ACCOUNTABILITY UNITS

#### **\*DECISION B.23/05: Reappointment of the Heads of the GCF's Independent Units**

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:
  - (a) Assisting the Co-Chairs in negotiating and concluding the terms of contract with the reappointed Heads of Independent Units;
  - (b) 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
  - (c) 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.

(Note: Annex IV mentioned in Decision B.23/05 is of a limited distribution).

**DECISION B.22/04: Performance Oversight of the Heads of Independent Units/Firm to support the Performance Oversight Committee**

The Board, having considered document GCF/B.22/21 titled “Performance Oversight of the Heads of Independent Units”:

- (a) Confirms the need to engage an independent external human resources firm to support the Performance Oversight Committee of the Executive Director and Heads of the Independent Units;
- (b) Adopts the terms of reference of the independent external human resources firm, as set out in annex II to this document;
- (c) Decides that the Performance Oversight Committee of the Executive Director and Heads of the Independent Units will engage the independent external human resources firm following a procurement process in accordance with the Administrative Guidelines on Procurement and supported by the Secretariat; and
- (d) Authorizes the Co-Chairs to approve the budget for the performance evaluation of the Heads of the Independent Units, including the costs of the independent external human resources firm, and requests that the Budget Committee oversee the execution of the budget with the Secretariat.

(Note: Annex II containing the terms of reference of the independent external human resource firm indicated in Decision B.22/04 could be found at the following link: [https://www.greenclimate.fund/documents/20182/1424894/GCF\\_B.22\\_24\\_-\\_Decisions\\_of\\_the\\_Board\\_\\_twenty-second\\_meeting\\_of\\_the\\_Board\\_25\\_\\_28\\_February\\_2019.pdf/1f2149d0-0bed-9b1e-9f14-0ca3e2a65b0a](https://www.greenclimate.fund/documents/20182/1424894/GCF_B.22_24_-_Decisions_of_the_Board__twenty-second_meeting_of_the_Board_25__28_February_2019.pdf/1f2149d0-0bed-9b1e-9f14-0ca3e2a65b0a) )

**DECISION B.20/02: Appointment, confirmation of appointment and termination of Board appointed officials including the heads of the Independent Units**

The Board:

- (a) Takes note that the appointments of the heads of the independent Evaluation Unit, the independent Integrity Unit and independent Redress Mechanism have been confirmed; and
- (b) Reaffirms that all future decisions relating to the appointment, confirmation of appointment and termination of all Board-appointed officials shall be taken by the Board.

**DECISION B.13/16: Appointments and Contractual arrangements for the Heads of the Accountability Units**

The Board, having considered document GCF/B.13/25 (limited distribution) titled “Contractual arrangements for the Heads of the Accountability Units”:

- (a) Notes the appointment of the heads of the independent Redress Mechanism, the independent Evaluation Unit and the independent Integrity Unit (Accountability Units);
- (b) Authorizes the Co-Chairs to negotiate and sign, on behalf of the GCF, for up to 45 days, the contracts between each of the Heads of the Accountability Units and the GCF;
- (c) Requests the Co-Chairs to develop the performance criteria and evaluation procedure for approval by the Board via a decision between meetings before the fourteenth meeting of the Board in accordance with decision B.10/15, paragraphs (i) and (j); and
- (d) Expresses its appreciation for the work of the Appointment Committee, the Ethics and Audit Committee, and the Secretariat in the selection of the Heads of the Accountability Units.

**DECISION B.12/04: Deferral of the consideration of the performance criteria and measurement procedure of the Heads of the Accountability Units**

The Board,

Decides to defer its consideration of the performance criteria and measurement procedure of the Heads of the Accountability Units to the thirteenth meeting of the Board.

**DECISION B.11/01: Salary levels for heads of the GCF accountability units**

The Board, having considered document GCF/B.11/13 titled “Comparison of salary levels for comparable positions at other specialized global funds for the Heads of Accountability Units”:

- (a) Takes note of the information on the comparison of salary levels for comparable positions at other specialized global funds; and
- (b) Decides that the appointment level for the Heads of Accountability Units will range from IS-6 to IS-8 taking into account the candidate’s work experience, current position and educational background.

**\*DECISION B.10/05: Selection process and terms of reference of the Heads of the Accountability Units**

The Board having taken note of the information presented in document GCF/B.10/09 Selection Process and Terms of Reference of the Heads of the Accountability Units: Recommendations of the Appointment Committee:

- (a) Endorses the selection process, as set out in Annex II to this document;
- (b) Takes note of the indicative timeline encompassing the entire selection process, as set out in Annex III to this document;
- (c) Endorses the terms of reference of the recruitment firm, as set out in Annex IV to this document;
- (d) Agrees to appoint a recruitment firm via an in-between meetings decision with an invitation to approve the decision within a period of one week;
- (e) Approves a budget for the selection process of the accountability units, including the costs of the recruitment firm;
- (f) Decides that the remuneration levels of the heads of the three accountability units will be comparable to the salary levels of equivalent roles in other specialized global funds;
- (g) Requests the Secretariat to provide a comparison of salary levels for comparable positions at other specialized global funds;
- (h) Also requests the Appointment Committee to provide additional recommendations on the salary levels for consideration by the Board at its eleventh meeting;
- (i) Decides that the heads of the units will be offered performance-based contracts;
- (j) Requests the Appointment Committee to develop the performance criteria and measurement procedure for approval by the Board via an in-between meetings decision before the twelfth meeting of the Board;
- (k) Adopts the terms of reference of the Head of the Independent Evaluation Unit in accordance with decision B.09/14, paragraph (c), as set out in Annex V to this document;
- (l) Also adopts the terms of reference of the Head of the Independent Integrity Unit in accordance with decision B.09/14, paragraph (c), as set out in Annex VI to this

document;

- (m) Further adopts the terms of reference of the Head of the Independent Redress Mechanism in accordance with decision B.09/14, paragraph (c), as set out in Annex VII to this document; and
- (n) Agrees to amend the terms of reference of the Independent Redress Mechanism, as set out in Annex V to decision B.06/09, to make the position of the Head of Independent Redress Mechanism a full-time post.

(Note: Annexes II and IV mentioned in decision B.10/05 can be found at the following link:

[https://www.greenclimate.fund/documents/20182/24952/GCF\\_B.10\\_17\\_-\\_Decisions\\_of\\_the\\_Board\\_-\\_Tenth\\_Meeting\\_of\\_the\\_Board\\_6-9\\_July\\_2015.pdf/1238c5ad-8686-4cf9-a401-aa4893818215](https://www.greenclimate.fund/documents/20182/24952/GCF_B.10_17_-_Decisions_of_the_Board_-_Tenth_Meeting_of_the_Board_6-9_July_2015.pdf/1238c5ad-8686-4cf9-a401-aa4893818215)

The terms of reference of the Head of the Independent Evaluation Unit as set out in Annex V in Decision B.10/05 have been amended by Decision 24/15 and the complete amended text of the TOR are reproduced in the following link: DECISION B.24/15: Matters related to an evaluation policy of the GCF, guidelines for the effective functioning of the Independent Evaluation Unit (IEU), and, amendment to the terms of reference of the Head of the IEU )

**Annex III: Indicative timeline of the entire process on the appointment of the heads of the accountability units**

<b>Date/Deadline</b>	<b>Content</b>	<b>Action</b>
B.10 (6-9 July 2015) By 17 July 2015	Document GCF/B.10/09 considered and approved by the Board	Board decision
By 17 August 2015	Request for proposal for the recruitment firm to be published online	
End of August 2015	Receive bids from the recruitment firm	
End of September 2015	Secretariat presents to the Committee a comparison of salary levels for comparable positions at other specialized global funds	
End of September 2015	Board approves the appointment of the recruitment firm based on the recommendation of the Appointment Committee, through an in-between meetings Board decision	In-between meetings Board decision
Early October 2015	Contract with recruitment firm to be signed	
B.11 (November 2015)	Board approves the salary of the three heads of the accountability units, based on the recommendation of the Appointment Committee	Board decision
November 2015 - January 2016	Follow the "selection process" on shortlisting: Review of the applications by the recruitment firm, including: creation of a long-list of 20-25 candidates for each position, followed by more detailed information gathering; development of a short-list of approximately 6-10 candidates for each position; recruitment firm to conduct first interviews with the short-list of candidates (approximately 6-10), creation of a final interview list of five candidates for second-round interviews with the Committee	Appointment Committee oversees the process and will be actively involved when interviewing the final five interview candidates prior to the recommendation to the Board
January - February 2016	Secretariat to support the Committee in developing the performance criteria and measurement procedure for the heads of units; Board approves the performance criteria and measurement procedure for the heads of units, based on the recommendation of the Appointment Committee, through an in-between meetings Board decision	In-between meetings Board decision
January - February 2016	The Appointment Committee recommends to the Board the final list of two candidates for each position, by ranking of preference to the Board	
B.12 (March 2016)	The Board appoints the three heads of the accountability units	Board decision

### Annex V: Terms of reference of the Head of the Independent Evaluation Unit<sup>1</sup>

#### **Head of the Independent Evaluation Unit**

#### **Republic of Korea**

#### **Role**

The Head of the Independent Evaluation Unit (IEU) will work, pursuant to paragraph 60 of the Governing Instrument, as an operationally independent unit, in accordance with the approved terms of reference of the unit as contained in Annex III to decision B.06/09. The Head will be selected by, and will report to, the Board. He/she will conduct periodic independent evaluations of the Green Climate Fund's (the Fund's) performance in order to provide an objective assessment of the Fund's results and to capture lessons learned, including its funded activities and its effectiveness and efficiency.

The tenure of the Head of the IEU will be for three years, renewable once. The incumbent can be removed only by decision of the Board.<sup>2</sup> The Board may decide to terminate the contract based on the evaluation of the performance of the Head of the IEU in relation to an agreed performance-based contract. His/her conditions of appointment will be decided by the Board upon recommendation by the Appointment Committee. To preserve operational independence, upon termination of service as the Head of the IEU, he/she shall not be eligible for any type of employment by the Fund within one year of the end of his/her appointment. The Head of the IEU will be subject to the Staff Code of Conduct and any applicable policy on ethics and conflicts of interest with the Board or its designee as an oversight body. He or she will be based at the Fund's headquarters in Songdo, Republic of Korea, and the position will be a full-time one.

#### **Duties and responsibilities**

The Head of the IEU will report to the Board and, for administrative purposes only, to the Executive Director<sup>3</sup> and be responsible for:

- Leadership and management of the unit, including the authority to make appointments and manage staff of the unit;
- Conducting or managing, by contracting consultants, evaluations using as much as possible internally generated data streams and analytical outputs, and applying evaluation standards and practice in accordance with best international practice and standards. The use of technical expert panels or similar mechanisms may be appropriate, as recommended in the case of the Global Environment Facility by the peer review of its evaluation function. The Head of the IEU will ensure that evaluation team members do not have conflicts of interest with respect to the activities in whose evaluation they will be involved;
- Making recommendations to improve the Fund's performance, in the light of the unit's evaluations, including in particular to the Fund's performance indicators and its results management framework;
- Attesting to the quality of the Fund's self-evaluations conducted by the Secretariat;
- Synthesizing and sharing the findings and lessons learned from the unit's evaluations with key internal and external audiences in order to inform decision-making by the Board and the Executive Director, as well as among accredited entities;
- Proposing a budget for meeting the annual expenses of the unit, to ensure its financial independence, which will be considered and approved by the Board;
- Proposing detailed guidelines and procedures governing the work of the IEU to be approved by the Board. The procedures will be updated as necessary and approved by the Board so as to always ensure that the procedures allow for the work of the IEU to be carried out efficiently and in a cost-effective manner while meeting best international standards;
- Participating actively in relevant evaluation networks in order to ensure that the IEU is at the frontier of results, evaluation and learning practice and that it benefits from relevant initiatives undertaken by other evaluation units;
- Establishing close relationships with the independent evaluation units of the accredited entities of the Fund,

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<sup>1</sup> The Head of the IEU will carry out the functions and responsibilities described in the terms of reference for her/his unit as outlined in Annex III to decision B.06/09, which include, but are not limited to, the functions described in this Annex. (The terms of reference of the Head of the Independent Evaluation Unit as set out in Annex V in Decision B.10/05 have been amended by Decision 24/15 and the complete amended text of the TOR are reproduced in the following link: [DECISION B.24/15: Matters related to an evaluation policy of the GCF, guidelines for the effective functioning of the Independent Evaluation Unit \(IEU\), and, amendment to the terms of reference of the Head of the IEU](#) )

<sup>2</sup> Decision B.06/09, Annex III, paragraph 3.

<sup>3</sup> In respect of certain overhead functions such as information technology, legal, human resources, etc. (excluding performance review).

- and seeking to involve them in their activities and to share learning wherever feasible and appropriate;
- Providing recommendations to accredited entities on how to design projects/programmes and monitoring of those activities so as to improve the ability of the IEU to provide quality evaluation of the Fund's activities;
  - Defining the independent evaluation policy contributing to the Fund's knowledge management process;<sup>4</sup>
  - Developing and updating the independent evaluation policy of the Fund, as reiterated in Annex IX to decision B.08/07;
  - The independent evaluation work is separate from the day-to-day monitoring and evaluation (M&E) work of the Secretariat as per paragraph 23 (j) of the Governing Instrument;
  - In addition to synthesizing the findings and/or lessons learned, disseminating/communicating results with relevant audiences;
  - Developing plans to ensure that evidence informs learning across the Fund;
  - Establishing close relationships with the equivalent units of the accredited entities in order to avoid duplication of their respective activities, and sharing lessons learned to ensure continuous learning;
  - Providing evaluation reports to the Conference of the Parties to the United Nations Framework Convention on Climate Change for the purposes of periodic review of the Financial Mechanism of the Convention; and
  - Preparing and submitting periodic progress reports to the Board, as and when required, and an annual report that will also be disseminated to the public.

### ***Required experience and qualifications***

- An advanced university degree in law, economics, development studies, climate change or a related field (Masters or higher);
- Relevant professional experience, including at least seven years at senior management level;
- Demonstrated expertise in project and programme evaluation;
- Good organizational skills;
- Expert experience in drafting detailed guidelines and procedures;
- Experience in setting up and executing a budget;
- Proven analytical skills with creative solutions to challenges;
- Demonstrated experience in prioritizing multiple assignments, meeting tight deadlines, and a willingness to be flexible with minimal staff in a fast-paced environment;
- Exceptional relationship and communication management skills;
- Exceptional interpersonal skills with the ability and personality to work collaboratively, accept responsibility and motivate colleagues;
- A demonstrated strong track record in leading the recruitment and development of a team;
- Sensitivity to political, and respect for cultural, factors;
- Fluency in English is essential; knowledge of another United Nations language is an advantage;
- Experience in, or working with, developing countries;
- Good knowledge/experience of relevant independent evaluation networks and the broader M&E landscape;
- Experience in leading and managing a diverse team with a broad range of technical skills;
- Experience in drafting and delivering evidence plans that are aligned with and support organizational learning;
- Strong project management skills;
- Strong gender skills and experience in order to embed gender within all evaluations of the Fund; and
- Enjoy an impeccable reputation of honesty and integrity and be widely respected and regarded for his/her competence and expertise.

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<sup>4</sup> Annex IX to decision B.08/07.

*Applications from women and nationals of developing countries are strongly encouraged.*

**Annex VI: Terms of reference of the Head of the Independent Integrity Unit<sup>1</sup>**

**Head of the Independent Integrity Unit**

**Republic of Korea**

**Role**

The Head of the Independent Integrity Unit (IIU) will work, pursuant to paragraph 68 of the Governing Instrument, in accordance with the approved terms of reference of the unit as contained in Annex IV to decision B.06/09. The Head will be selected by, and will report to, the Board or its designee. The Head will work with the Secretariat at its headquarters in Songdo, Republic of Korea, to investigate allegations of fraud and corruption and other prohibited practices (coercive and collusive practices, abuse, conflict of interest and retaliation against whistle-blowers) in line with best international practices and in close coordination or cooperation with relevant counterpart authorities. The IIU will enjoy independence in the exercise of its responsibilities; and in order to conduct an investigation, it will have full access to all relevant Green Climate Fund (Fund) documents and data, including electronic data. During the course of its work, the IIU will need to work closely with the Secretariat. The IIU will actively participate in relevant networks of integrity department/units to ensure that it is at the frontier of relevant practice and that it benefits from initiatives undertaken by the integrity units of other international organizations. The IIU will establish close relationships with the integrity units of the accredited entities, endeavour to work with them and rely on them as much as possible. However, it will not be precluded from conducting its own investigations.

The tenure of the Head of the IIU will be for three years; renewable once. In order to ensure the independence of the office, the incumbent may not be removed from office during his/her term, except for malfeasance or mental incapacitation.<sup>2</sup> The Board may decide to terminate the contract based on the evaluation of the performance of the Head in relation to an agreed performance-based contract. The Head of the IIU shall not be eligible for any type of employment by the Fund within one year of the end of his/her appointment. The Head of the IIU will be subject to the Staff Code of Conduct and any applicable policy on ethics and conflict of interest with accountability to the Board

**Duties and responsibilities**

The Head of the IIU will report to the Board and, for administrative purposes only, to the Executive Director<sup>3</sup> and be responsible for:

- Leadership and management of the unit, including the authority to make appointments and manage staff of the unit;
- Serving as the point of contact for all alleged and suspected incidents of integrity violation, as defined in these terms of reference, including fraud and corruption, involving any Fund activity, including actions by its staff members, corporate procurement by the Fund, and activities (including projects and programmes) using Fund resources directly or indirectly;
- Proposing a policy for cross-debarment with peer organizations to mutually enforce each other's debarment actions, with respect to the four harmonized sanctionable practices, i.e. corruption, fraud, coercion and collusion;
- Registering all complaints and reviewing them to determine whether they fall under the authority of the IIU;
- Proposing a budget for meeting the annual expenses of the unit to ensure its financial independence;
- Proposing detailed guidelines and procedures governing the work of the IIU to be approved by the Board. The procedures to be followed will be in a cost-effective manner while meeting best international standards;
- Adopting appropriate procedures to determine whether an integrity violation has occurred;
- Examining and determining the veracity of alleged or suspected integrity violations against accredited entities, project executing entities, contractors, consultants, service providers or other external stakeholders, or against the Fund's staff members; reporting the unit's investigative findings to the Secretariat and/or the Ethics and Audit Committee (EAC), and making recommendations, as appropriate, that are derived from the unit's findings;
- With reference to complaints regarding any activities using Fund resources directly or indirectly or in connection with corporate procurement, providing the Secretariat with advice on remedial actions;

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<sup>1</sup> The Head of the IIU will carry out the functions and responsibilities described in the terms of reference for his/her unit as outlined in Annex IV to decision B.06/09, which include, but are not limited to, the functions described in this Annex.

<sup>2</sup> Decision B.06/09, Annex IV, paragraph 21.

<sup>3</sup> In respect of certain overhead functions such as information technology, legal, human resources, etc. (excluding performance review).

- With reference to the staff of the Fund, investigating allegations of staff misconduct, involving violations of the Staff Code of Conduct; cooperating and coordinating with the Executive Director in the conduct of investigations; and reporting the unit's findings to the Executive Director for decision on disciplinary actions;
- With reference to the Executive Director, bringing to the attention of the Co-Chairs and the Ethics and Audit Committee the findings on any investigation involving misconduct or integrity violations;
- In consultation with the Executive Director and other designated officials of the Fund, developing policies, procedures and controls in order to mitigate the opportunities for integrity violations in the Fund's activities, including activities implemented through accredited entities, to ensure that all staff, external stakeholders and accredited entities adhere to the highest integrity standards; and documenting all investigative findings and conclusions;
- Developing policies for Board approval so as to address anti-corruption and counter the financing of terrorism;
- Providing the Ethics and Audit Committee with the information that the Committee may reasonably request for it to fulfil its role pursuant to its terms of reference, in particular concerning the issues of Board conflicts of interest, confidentiality and ethics;
- Reporting to the Board on the unit's activities, including summary investigative findings and any remedial action decided upon by the EAC in the case of external stakeholders, or by an accredited entity;
- Establishing close relationships with the equivalent unit of the accredited entities in order to avoid duplication of their respective activities, and sharing lessons learned to ensure continuous learning;
- In collaboration with the Secretariat and the Executive Director, promoting awareness of the Fund's integrity standards, including to all accredited entities and executing entities;
- Consulting and collaborating with multilateral funds, international finance institutions and other relevant parties so as to share experience and insight on how best to address integrity violations;
- Coordinating with relevant national and international counterpart authorities during the investigation of alleged or suspected integrity violations, when considered appropriate and authorized by the Secretariat;
- Considering and recommending for Board approval, the participation in arrangements between multilateral funds and international financial institutions on integrity matters; and
- Preparing and submitting an annual report to the Board, summarizing the unit's activities.

### **Required experience and qualifications**

- An advanced university degree in law or a related field (Masters or higher);
- Relevant professional experience, including at least seven years at senior management level;
- Good organizational skills;
- Expert experience in drafting detailed guidelines and procedures;
- Experience in setting up and executing a budget;
- Proven analytical skills with creative solutions to challenges;
- Demonstrated experience in prioritizing multiple assignments, meeting tight deadlines, and a willingness to be flexible with minimal staff in a fast-paced environment;
- Exceptional relationship and communication management skills as well as strong skills in handling communication;
- Exceptional interpersonal skills with the ability and personality to work collaboratively, accept responsibility and motivate colleagues;
- A demonstrated strong track record in leading the recruitment and development of a team;
- Strong gender skills, sensitivity to political, and respect for cultural, factors;
- Fluency in English is essential; knowledge of another United Nations language is an advantage;
- Experience and a proven track record in conducting integrity investigations and leading an integrity unit; and
- Enjoy an impeccable reputation of honesty and integrity and be widely respected and regarded for his/her competence and expertise.

*Applications from women and nationals of developing countries are strongly encouraged.*

**Annex VII: Terms of reference of the Head of the Independent Redress Mechanism<sup>1</sup>****Head of the Independent Redress Mechanism****Republic of Korea****Role**

The Head of the Independent Redress Mechanism (IRM) will work pursuant to paragraph 69 of the Governing Instrument, in accordance with the approved terms of reference of the unit as contained in Annex V to decision B.06/09. The Head of IRM will receive complaints related to the operation of the Fund and will evaluate and make recommendations on the complaints received. The IRM is not intended to be a court of appeal or a legal/adjudicating mechanism. It is a mechanism within the Fund that will address the reconsideration of funding decisions in accordance with decision 5/CP.19, annex, paragraphs 6–10. The IRM will be open, transparent and easily accessible. It will also address any grievances and complaints submitted by communities and people who have been directly affected by adverse impacts through the failure of a project or programme funded by the Green Climate Fund (the Fund) in order to implement the Fund's operational policies and procedures, including its environmental and social safeguards.

The tenure of the Head of the IRM will be for three years; renewable once. He/she will be based at the Fund's headquarters in Songdo, Republic of Korea. The position will be a full-time one. His/her conditions of appointment will be decided by the Board upon recommendation by the Appointment Committee.

In order to ensure the independence of the office, the incumbent may not be removed from office during his/her term, except for malfeasance or mental incapacitation.<sup>2</sup> The Board may decide to terminate the contract based on the evaluation of the performance of the Head in relation to an agreed performance-based contract. His/her conditions of appointment will be decided by the Board upon recommendation by the Appointment Committee. The Head of the IRM shall not be eligible for any type of employment by the Fund within one year of the end of his/her appointment. He or she will be subject to the Staff Code of Conduct and any applicable policy on ethics and conflicts of interest with the Board or its designee as an oversight body.

**Duties and responsibilities**

The Head of the IRM will be responsible to the Board for all substantive work. However, for administrative purposes only, he/she will report to the Executive Director,<sup>3 4</sup> and be responsible for:

- Leadership and management of the unit, including the authority to make appointments and manage staff of the unit;
- Addressing the reconsideration of funding decisions in accordance with decision 5/CP.19, annex, paragraphs 6-10;
- Proposing a budget for meeting the annual expenses of the unit, to ensure its financial independence;
- Proposing detailed guidelines and procedures governing the work of the IRM to be approved by the Board. The procedures to be followed will be iterative, whereby expeditious and cost-effective redress of grievances and resolution of complaints can be facilitated;
- Treating all stakeholders in a fair and equitable manner. While ensuring transparency and fairness, the IRM will be cost-effective, efficient and complementary to other supervision, audit, quality control, monitoring and evaluation, and independent evaluation systems of the Fund as well as those of accredited entities;
- Following international best practices;
- Dealing with grievances or complaints filed by communities and people who have been directly affected by adverse impacts through the failure of the project or programme funded by the Fund in order to implement the Fund's operational policies and procedures, including its environmental and social safeguards, or the failure of the Fund or its accredited entities to follow such policies;
- Establishing close relationships with the equivalent unit of the accredited entities in order to avoid duplication of their respective activities, and sharing lessons learned to ensure continuous learning;

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<sup>1</sup> The Head of the IRM will carry out the functions and responsibilities described in the terms of reference for his/her unit as outlined in Annex V to decision B.06/09, which include, but are not limited to, the functions described in this Annex.

<sup>2</sup> Decision B.06/09, Annex V, paragraph 11.

<sup>3</sup> Decision B.06/09, paragraph 16.

<sup>4</sup> In respect of certain overhead functions such as information technology, legal, human resources, etc. (excluding performance review).

- Making recommendations to the Board after allowing the necessary time for Management to provide response to inputs to make changes to operational policies and procedures. Both IRM findings and Management's response will be concomitantly submitted to the Board;
- Monitoring whether the decisions taken by the Board following IRM recommendations have been implemented; and
- Preparing and submitting periodic progress reports to the Board, as and when required, and an annual report that will also be disseminated to the public.

### Required experience and qualifications

- An advanced university degree in law, environment, social development, development studies, economics or a related field (Masters or higher);
- Relevant professional experience, including at least seven years at senior management level;
- Good organizational skills;
- Experience working in human rights;
- Experience working with social and environmental safeguards and standards used by international organizations which can be applied in a variety of settings;
- Experience working with vulnerable and indigenous communities and evidence of strong gender skills;
- Expert experience in drafting detailed guidelines and procedures associated with the adverse impacts arising from the implementation of projects;
- Experience in setting up similar accountability units, including hiring staff and formulating a budget;
- Demonstrated experience in prioritizing multiple assignments, meeting tight deadlines, and a willingness to be flexible with minimal staff in a fast-paced environment;
- Exceptional relationship and communication management skills;
- Exceptional interpersonal skills with the ability and personality to work collaboratively, accept responsibility and motivate colleagues;
- A demonstrated strong track record in leading the recruitment and development of a team;
- Strong gender skills, sensitivity to political, and respect for cultural, factors;
- Fluency in English is essential; knowledge of another United Nations language is an advantage;
- Experience and a proven track record in dealing with grievances or complaints made by affected communities in relation to investments made by international organizations;
- Enjoy an impeccable reputation of honesty and integrity and be widely respected and regarded for his/her competence and expertise; and
- Proven analytical skills with creative solutions to challenges.

*Applications from women and nationals of developing countries are strongly encouraged.*

## INDEPENDENT INTEGRITY UNIT

### **DECISION B.24/07: Approval of the 2020 work programme and budget of the Independent Integrity Unit**

The Board, having considered document GCF/B.24/16/Rev.01 titled "Workplan and budget of the Independent Integrity Unit for 2020":

- (a) Approves the workplan and budget of the Independent Integrity Unit for 2020 as contained in annexes IX, X, and XI for the total budgeted amount of USD 2,638,044; and
- (b) Requests the Budget Committee and Ethics and Audit Committee to review the budget execution during 2020 and acknowledges that the Independent Integrity Unit may present to the Board, for its consideration at its twenty-sixth meeting, an additional budgetary request to execute its workplan for 2020.

(Note: Annexes IX, X and XI mentioned in Decision B.24/07 could be found at the following link:  
[https://www.greenclimate.fund/documents/20182/1908411/GCF\\_B.24\\_17\\_-\\_Decisions\\_of\\_the\\_Board\\_\\_twenty-fourth\\_meeting\\_of\\_the\\_Board\\_\\_12\\_14\\_November\\_2019.pdf/b456ef92-b472-c83c-822d-992e284e3330](https://www.greenclimate.fund/documents/20182/1908411/GCF_B.24_17_-_Decisions_of_the_Board__twenty-fourth_meeting_of_the_Board__12_14_November_2019.pdf/b456ef92-b472-c83c-822d-992e284e3330))

**DECISION B.21/12: Work Plan and Budget of the Independent Integrity Unit for 2019**

The Board, having considered document GCF/B.21/22 titled “Workplan and Budget of the Independent Integrity Unit for 2019”:

Approves the workplan and budget of the Independent Integrity Unit for 2019 as contained in annex II and III of document GCF/B.21/22 (total budgeted amount of USD 2,300,000).

(Note: Annexes II and III of document GCF/B.21/22 mentioned in Decision B.21/12 can be found at the following link:  
[https://www.greenclimate.fund/documents/20182/1270184/GCF\\_B.21\\_22\\_-\\_Workplan\\_and\\_Budget\\_of\\_the\\_Independent\\_Integrity\\_Unit\\_for\\_2019.pdf/e3cb91ad-b46c-298f-d5c8-3effe0735ab9](https://www.greenclimate.fund/documents/20182/1270184/GCF_B.21_22_-_Workplan_and_Budget_of_the_Independent_Integrity_Unit_for_2019.pdf/e3cb91ad-b46c-298f-d5c8-3effe0735ab9))

**DECISION B.19/20: Work Plan and Budget of the Independent Integrity Unit for 2018**

The Board, having considered document GCF/B.19/24 titled “2018 Workplan and Budget of the Independent Integrity Unit”:

Approves the work plan and budget of the Independent Integrity Unit for 2018 as contained in document GCF/B.19/24 and in annex II therein, that is a total budgeted amount of USD 1,612,950.

(Note: Document GCF/B.19/24 and its annex II can be found at the following link:  
[https://www.greenclimate.fund/documents/20182/953917/GCF\\_B.19\\_24\\_-\\_2018\\_Workplan\\_and\\_Budget\\_of\\_the\\_Independent\\_Integrity\\_Unit.pdf/6f06dde6-e46c-4063-9838-d71f404b776f](https://www.greenclimate.fund/documents/20182/953917/GCF_B.19_24_-_2018_Workplan_and_Budget_of_the_Independent_Integrity_Unit.pdf/6f06dde6-e46c-4063-9838-d71f404b776f))

**DECISION B.BM-2017/13: Staffing budgets of the independent units of the GCF**

The Board, having considered the draft 2018 work programmes and budgets of the Independent Redress Mechanism, Independent Integrity Unit and the Independent Evaluation Unit:

- (a) Takes note of the comments, suggestions and proposals made by Board members during the comment period as contained in documents GCF/2017/Inf.04, GCF/2017/Inf.05, and GCF/2017/Inf.06;
- (b) Approves the interim staffing budgets for 2018 as follows:
  - (i) USD 574,820 for the Independent Redress Mechanism;
  - (ii) USD 1,062,950 for the Independent Integrity Unit;
  - (iii) USD 1,883,667 for the Independent Evaluation Unit; and
- (c) Requests the heads of the Independent Units to present comprehensive work programmes and budgets for consideration by the Board at its nineteenth meeting.

**DECISION B.15/13: Work Plan and Budget of the Independent Integrity Unit for 2017**

The Board, having considered document GCF/B.15/20 titled “Draft 2017 work plan and budget for the Independent Integrity Unit”:

Approves the work plan and budget of the Independent Integrity Unit for 2017 as contained in document GCF/B.15/20, and annex XVII to this document (total budgeted amount of USD 1,017,791), respectively.

(Note: Annex XVII mentioned in Decision B.15/13 can be found at the following link:  
[https://www.greenclimate.fund/documents/20182/490910/GCF\\_B.15\\_24\\_-\\_Decisions\\_of\\_the\\_Board\\_\\_fifteenth\\_meeting\\_of\\_the\\_Board\\_\\_13-15\\_December\\_2016.pdf/8726fc1c-15fc-4a2e-90fb-23267b3f8ea5](https://www.greenclimate.fund/documents/20182/490910/GCF_B.15_24_-_Decisions_of_the_Board__fifteenth_meeting_of_the_Board__13-15_December_2016.pdf/8726fc1c-15fc-4a2e-90fb-23267b3f8ea5))

**DECISION B.13/18: Appointment of the Head of the Independent Integrity Unit – limited distribution decision**

The Board took note of document GCF/B.13/11 (limited distribution) titled “Appointment of the Head of the Independent Integrity Unit”.

A limited distribution decision was adopted under this agenda sub-item on the appointment of the Head of the Independent Integrity Unit.

**\*DECISION B.06/09 (b): Adoption of terms of reference for the Independent Integrity Unit**

The Board, having reviewed document GCF/B.06/06 Terms of Reference of the Independent Evaluation Unit, the Independent Integrity Unit, and the Independent Redress Mechanism:

- (b) Adopts the terms of reference of the Independent Integrity Unit, as set out in Annex IV to this document;

Annex IV: Terms of reference of the Independent Integrity Unit

**I. General principles**

1. Pursuant to paragraph 68 of the Governing Instrument, the Board will establish an Independent Integrity Unit (IIU), to work with the Secretariat and report to Ethics and Audit Committee and to the Board, to investigate allegations of fraud and corruption and other prohibited practices (coercive and collusive practices, abuse, conflict of interest and retaliation against whistle-blowers) in line with best international practices and in close coordination or cooperation with relevant counterpart authorities.
2. The Independent Integrity Unit will enjoy complete independence in the exercise of its responsibilities; and in order to conduct an investigation, it will have full access to all relevant Fund’s documents and data, including electronic data. During the course of its work, the IIU will need to work closely with the Secretariat. The IIU will report to the Board directly or through the Ethics and Audit Committee.
3. The IIU will actively participate in relevant networks of integrity department/units to ensure that it is at the frontier of relevant practice and that it benefits from initiatives undertaken by integrity units of other international organizations.
4. The IIU will establish close relationships with the integrity units of the intermediaries and implementing entities. However, the IIU will not be precluded from conducting its own investigations.
5. All complaints and allegations against the Fund or persons associated with it that fall within the competence of the IIU, as defined in these terms of reference, will be addressed by the IIU. The IIU will maintain objectivity, impartiality and fairness throughout the investigative process and conduct its activities with the highest levels of integrity.
6. The IIU will be free from improper influence or fear of retaliation.
7. The staff of the IIU will be managed by the Head of the IIU. The staff of the IIU will be subject to the Code of Conduct of the Staff. In this regard, the staff of the IIU will disclose to the Head of the IIU, in a timely manner, any actual or potential conflict of interest they may have in an investigation in which they are participating, and the Head of the IIU will take appropriate steps to remedy the conflict. The Head of the IIU will disclose to the Executive Director and the Ethics and Audit Committee any actual or potential conflict of interest he/she may have in an investigation, and the Executive Director will take appropriate steps to remedy the conflict. Appropriate procedures will be prepared by the Secretariat, for review by the Ethics and Audit Committee and Board approval, to investigate allegations of misconduct on the part of any staff member of the IIU, and mitigate any conflict of interest.
8. Investigations conducted by the IIU will not be a judicial or quasi-judicial process, and the standard of proof that will be used by the IIU to determine whether a suspicion or allegation is substantiated, will be whether the information as a whole shows that an investigative finding is more probable than not.
9. Investigative findings will be based on facts and related analysis. The subject of an investigation will be given the opportunity to explain the reasons for the conduct and provide information supporting such explanation.
10. If the IIU does not find sufficient information during the investigation to substantiate a suspicion or allegation, it will document its findings, close the investigation, and notify the Secretariat and other parties, as appropriate.
11. Where the IIU’s investigative findings indicate that a complaint was knowingly false, it will refer the matter to the Secretariat for any further action.
12. The IIU will, during an investigation, take appropriate measures to protect as confidential any non-public information associated with an investigation, and will take appropriate measures to prevent the unauthorized

disclosure of investigative findings.

13. To the extent possible, interviews conducted by the IIU during an investigation will be conducted by two persons. Interviews may be conducted in the language of the person being interviewed, where appropriate, using interpreters. The Fund will not pay a witness or an informant; however, the IIU may assume the responsibility for reasonable expenses incurred by witnesses or informants to meet with the IIU.

14. The IIU may engage external parties (e.g. individuals or companies experienced in forensic investigations) to assist it in its investigations.

### **II. Principal responsibilities**

15. The IIU will:

- (a) Serve as the initial point of contact for all alleged and suspected incidents of an integrity violation, as defined in these terms of reference, including fraud and corruption, involving any Fund activity, including by its staff members, corporate procurement by the Fund, and activities (including projects and programmes) using Fund resources directly or indirectly;
- (b) Register all complaints and review them to determine whether they fall within the authority of the IIU (or require referral to another body), and determine the priority of a case with respect to other cases, taking into account the monetary value of the integrity violation, media and other sensitivity and relevance to a possible financial risk and reputational risk. Where practical, the IIU will acknowledge receipt of all complaints;
- (c) Adopt appropriate procedures to determine whether an integrity violation has occurred; gathering sufficient related evidence, attempt to identify the integrity violators and establish the extent of the integrity violation as well as the techniques used;
- (d) Examine and determine the veracity of alleged or suspected integrity violations against implementing entities or intermediaries, project executing entities, contractors, consultants, service providers, or other external stakeholders, or against the Fund's staff members, report its investigative findings to the Secretariat and/or an oversight body, and make recommendations, as appropriate, that are derived from its findings;
- (e) With reference to complaints regarding any activities using Fund resources directly or indirectly or in connection with corporate procurement, provide the Secretariat or any potential Fund body established to consider remedial actions with investigative findings to decide on remedial actions, including possible sanctions;
- (f) With reference to staff of the Fund, investigate allegations of staff misconduct, involving violations of the Code of Conduct of the Fund's Staff and other integrity violations as defined in these terms of reference, including allegations referred to the IIU by the Secretariat; cooperate and coordinate with the Executive Director and the Secretariat in the conduct of investigation; report to the Secretariat its findings for the Executive Director to decide on disciplinary actions;
- (g) With reference to the Executive Director, bring to the attention of the Co-Chairs and the Ethics and Audit Committee the findings on any investigation involving misconduct or integrity violations;
- (h) In consultation with the Executive Director and other designated officials of the Fund, recommend improvements to policies, procedures and controls to mitigate the opportunities for integrity violations in the Fund's activities, including activities implemented through implementing agencies and intermediaries, to ensure that all staff, external stakeholders and implementing entities and intermediaries adhere to the highest integrity standards; and document all investigative findings and conclusions;
- (i) Provide the Ethics and Audit Committee with the information that the Committee may reasonably request for it to fulfil its role pursuant to its terms of reference, in particular concerning the issues of Board conflict of interest, confidentiality and ethics;
- (j) Report to the Board on its activities, including summary investigative findings and any remedial action decided upon by an oversight body in the case of external stakeholders, or by an implementing entity or intermediary;
- (k) In collaboration with the Secretariat and the Executive Director, promote awareness of the Fund's integrity standards, including to all implementing entities and intermediaries, and executing entities;
- (l) Consult and collaborate with multilateral funds, international finance institutions and other relevant parties to share experience and insight on how best to address integrity violations;
- (m) Coordinate with relevant national and international counterpart authorities during investigations of alleged or suspected integrity violations, when considered appropriate and authorized by the Secretariat;
- (n) Consider and recommend for Board approval the participation in arrangements between multilateral funds and international financial institutions on integrity matters; and
- (o) Prepare and submit an annual report to the Board, summarizing its activities.

**III. Delineation of roles and responsibilities of the Fund's Independent Integrity Unit and those of the integrity mechanisms of implementing entities and intermediaries**

16. The IIU should closely cooperate with the relevant departments or units of implementing entities and intermediaries.

17. The relationship between the IIU and the corresponding body of implementing entities or intermediaries will be covered in agreements that will be entered into by the Fund with these implementing entities or intermediaries that will require these to cooperate with the Fund's IIU, where required.

18. The IIU will share best practices and give guidance that can be helpful for the Fund's readiness activities.

**IV. Governance and management structure**

19. The IIU will be headed by an expert with experience and proven track record in conducting integrity investigations and leading an integrity unit. The Head of the IIU should enjoy impeccable reputation of honesty and integrity and be widely respected and regarded for his/her competence and expertise.

20. The Board, on the recommendation of the Ethics and Audit Committee, will be responsible for:

- (a) Appointing the Head of the IIU, in an open and transparent manner to be decided by the Board;
- (b) Establishing processes or mechanisms for taking actions based on the investigative findings and conclusions of the IIU, as appropriate;
- (c) Receiving reports on the activities of the IIU;
- (d) Considering and approving the annual budget of the IIU.

21. The tenure of the office of the Head of the IIU will be for three years; renewable once. In order to ensure independence of the office, the incumbent may not be removed from office during his/her term, except for malfeasance or mental incapacitation. His/her terms and conditions of appointment will be decided by the Board. The Head of the IIU shall not be eligible for any type of employment by the Fund within one year after the date of the end of his/her appointment.

**INDEPENDENT EVALUATION UNIT****DECISION B.24/15: Matters related to an evaluation policy of the GCF, guidelines for the effective functioning of the Independent Evaluation Unit (IEU), and, amendment to the terms of reference of the Head of the IEU**

The Board:

- (a) Takes note of the consultations and comments submitted on the draft Evaluation Policy;
- (b) Confirms that the Evaluation Policy is a GCF-wide policy that guides the Board, the Secretariat, the Independent Evaluation Unit, other independent units, accredited entities and national designated authorities/focal points;
- (c) Also confirms that the Independent Evaluation Unit and the Secretariat jointly clarify and delineate the roles, responsibilities and accountabilities in the Evaluation Policy;
- (d) Agrees to amend the terms of reference for the Head of the Independent Evaluation Unit (see annex V to decision B.10/05) as contained in annex XXIX;
- (e) Requests the Independent Evaluation Unit and the Secretariat to present the draft Evaluation Policy for consideration no later than the twenty-fifth meeting of the Board;
- (f) Also requests the Independent Evaluation Unit to present the detailed procedures and guidelines for the effective operation of the Independent Evaluation Unit for consideration by the Board at its twenty-fifth meeting; and
- (g) Further requests the Secretariat, in consultation with the Independent Evaluation Unit, to develop monitoring protocols, toolkits and guidelines that take into account the Evaluation Policy and the integrated results management framework, which will be submitted for the Board's consideration at its twenty-fifth meeting.

Annex XXIX: Amendments to the terms of reference for the Head of the Independent Evaluation Unit

<b>Current terms of reference for the Head of the Independent Evaluation Unit (annex V to decision B.10/05)</b>	<b>Amendments to the terms of reference for the Head of the Independent Evaluation Unit (decision B.24/15)</b>
Defining the independent evaluation policy contributing to the Fund’s knowledge management process	Ensuring the IEU contributes to the GCF knowledge management process, including communicating lessons and best practices as learned by the IEU  *Deleting the footnote reference
Developing and updating the independent evaluation policy of the Fund, as reiterated in Annex IX to decision B.08/07	Developing and updating the evaluation policy of the GCF in accordance with decision B.24/15, paragraph (c)

Abbreviations: B.24 = twenty-fourth meeting of the Board, IEU = Independent Evaluation Unit, TOR = terms of reference.

[For ease of reference, the TOR for the Head of the Independent Evaluation Unit approved by Decision B.10/05 containing the amendments adopted by Decision B.24/15 are reproduced below:

Terms of reference of the Head of the Independent Evaluation Unit<sup>5</sup>

**Head of the Independent Evaluation Unit**

**Republic of Korea**

**Role**

The Head of the Independent Evaluation Unit (IEU) will work, pursuant to paragraph 60 of the Governing Instrument, as an operationally independent unit, in accordance with the approved terms of reference of the unit as contained in Annex III to decision B.06/09. The Head will be selected by, and will report to, the Board. He/she will conduct periodic independent evaluations of the Green Climate Fund’s (the Fund’s) performance in order to provide an objective assessment of the Fund’s results and to capture lessons learned, including its funded activities and its effectiveness and efficiency.

The tenure of the Head of the IEU will be for three years, renewable once. The incumbent can be removed only by decision of the Board.<sup>6</sup> The Board may decide to terminate the contract based on the evaluation of the performance of the Head of the IEU in relation to an agreed performance- based contract. His/her conditions of appointment will be decided by the Board upon recommendation by the Appointment Committee. To preserve operational independence, upon termination of service as the Head of the IEU, he/she shall not be eligible for any type of employment by the Fund within one year of the end of his/her appointment. The Head of the IEU will be subject to the Staff Code of Conduct and any applicable policy on ethics and conflicts of interest with the Board or its designee as an oversight body. He or she will be based at the Fund’s headquarters in Songdo, Republic of Korea, and the position will be a full-time one.

**Duties and responsibilities**

The Head of the IEU will report to the Board and, for administrative purposes only, to the Executive Director<sup>7</sup> and be responsible for:

- Leadership and management of the unit, including the authority to make appointments and manage staff of the unit;
- Conducting or managing, by contracting consultants, evaluations using as much as possible internally generated data streams and analytical outputs, and applying evaluation standards and practice in accordance with best international practice and standards. The use of technical expert panels or similar mechanisms may be appropriate, as recommended in the case of the Global Environment Facility by the peer review of its evaluation function. The Head of the IEU will ensure that evaluation team members do

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<sup>5</sup> The Head of the IEU will carry out the functions and responsibilities described in the terms of reference for her/his unit as outlined in Annex III to decision B.06/09, which include, but are not limited to, the functions described in this Annex. (These terms of reference were amended by Decision B.24/15 which could be found at the following link: [DECISION B.24/15: Matters related to an evaluation policy of the GCF, guidelines for the effective functioning of the Independent Evaluation Unit \(IEU\), and, amendment to the terms of reference of the Head of the IEU](#))

<sup>6</sup> Decision B.06/09, Annex III, paragraph 3.

<sup>7</sup> In respect of certain overhead functions such as information technology, legal, human resources, etc. (excluding performance review).

- not have conflicts of interest with respect to the activities in whose evaluation they will be involved;
- Making recommendations to improve the Fund's performance, in the light of the unit's evaluations, including in particular to the Fund's performance indicators and its results management framework;
  - Attesting to the quality of the Fund's self-evaluations conducted by the Secretariat;
  - Synthesizing and sharing the findings and lessons learned from the unit's evaluations with key internal and external audiences in order to inform decision-making by the Board and the Executive Director, as well as among accredited entities;
  - Proposing a budget for meeting the annual expenses of the unit, to ensure its financial independence, which will be considered and approved by the Board;
  - Proposing detailed guidelines and procedures governing the work of the IEU to be approved by the Board. The procedures will be updated as necessary and approved by the Board so as to always ensure that the procedures allow for the work of the IEU to be carried out efficiently and in a cost-effective manner while meeting best international standards;
  - Participating actively in relevant evaluation networks in order to ensure that the IEU is at the frontier of results, evaluation and learning practice and that it benefits from relevant initiatives undertaken by other evaluation units;
  - Establishing close relationships with the independent evaluation units of the accredited entities of the Fund, and seeking to involve them in their activities and to share learning wherever feasible and appropriate;
  - Providing recommendations to accredited entities on how to design projects/programmes and monitoring of those activities so as to improve the ability of the IEU to provide quality evaluation of the Fund's activities;
  - Ensuring the IEU contributes to the GCF knowledge management process, including communicating lessons and best practices as learned by the IEU
  - Developing and updating the evaluation policy of the GCF in accordance with decision B.24/15, paragraph (c);
  - The independent evaluation work is separate from the day-to-day monitoring and evaluation (M&E) work of the Secretariat as per paragraph 23 (j) of the Governing Instrument;
  - In addition to synthesizing the findings and/or lessons learned, disseminating/communicating results with relevant audiences;
  - Developing plans to ensure that evidence informs learning across the Fund;
  - Establishing close relationships with the equivalent units of the accredited entities in order to avoid duplication of their respective activities, and sharing lessons learned to ensure continuous learning;
  - Providing evaluation reports to the Conference of the Parties to the United Nations Framework Convention on Climate Change for the purposes of periodic review of the Financial Mechanism of the Convention; and
  - Preparing and submitting periodic progress reports to the Board, as and when required, and an annual report that will also be disseminated to the public.

### ***Required experience and qualifications***

- An advanced university degree in law, economics, development studies, climate change or a related field (Masters or higher);
- Relevant professional experience, including at least seven years at senior management level;
- Demonstrated expertise in project and programme evaluation;
- Good organizational skills;
- Expert experience in drafting detailed guidelines and procedures;
- Experience in setting up and executing a budget;
- Proven analytical skills with creative solutions to challenges;
- Demonstrated experience in prioritizing multiple assignments, meeting tight deadlines, and a willingness to be flexible with minimal staff in a fast-paced environment;
- Exceptional relationship and communication management skills;
- Exceptional interpersonal skills with the ability and personality to work collaboratively, accept responsibility and motivate colleagues;
- A demonstrated strong track record in leading the recruitment and development of a team;

- Sensitivity to political, and respect for cultural, factors;
- Fluency in English is essential; knowledge of another United Nations language is an advantage;
- Experience in, or working with, developing countries;
- Good knowledge/experience of relevant independent evaluation networks and the broader M&E landscape;
- Experience in leading and managing a diverse team with a broad range of technical skills;
- Experience in drafting and delivering evidence plans that are aligned with and support organizational learning;
- Strong project management skills;
- Strong gender skills and experience in order to embed gender within all evaluations of the Fund; and
- Enjoy an impeccable reputation of honesty and integrity and be widely respected and regarded for his/her competence and expertise.

*Applications from women and nationals of developing countries are strongly encouraged.*

### **DECISION B.24/06: Approval of the 2020 work programme and budget of the Independent Evaluation Unit**

The Board, having considered document GCF/B.24/12 titled “Independent Evaluation Unit 2020 Work Plan and Budget and Update of its Three-year Objectives and Work Plan”:

- (a) Approves the workplan and budget of the Independent Evaluation Unit for 2020 as contained in annex VII for the total budgeted amount of USD 5.58 million;
- (b) Requests the Budget Committee to review the budget execution during 2020 and acknowledges that the Independent Evaluation Unit may present to the Board for consideration at its twenty-sixth meeting an additional budgetary request to execute its workplan for 2020; and
- (c) Notes the update on the Independent Evaluation Unit’s rolling three-year workplan, outlined in annex VIII as requested by the Board to ensure flexibility, learning and predictability for the Independent Evaluation Unit.

(Note: Annexes VII and VIII mentioned in Decision B.24/06 could be found at the following link: [https://www.greenclimate.fund/documents/20182/1674504/GCF\\_B.23\\_20\\_-\\_Forward-Looking\\_Performance\\_Review\\_of\\_the\\_GCF.pdf/525f359f-cd33-81f2-0bf0-ff8e41353ede](https://www.greenclimate.fund/documents/20182/1674504/GCF_B.23_20_-_Forward-Looking_Performance_Review_of_the_GCF.pdf/525f359f-cd33-81f2-0bf0-ff8e41353ede)),

### **DECISION B.24/01: Performance Review of the GCF and Management response**

The Board, having considered document GCF/B.24/10 titled “Secretariat management response to the Forward-Looking Performance Review of the GCF” and document GCF/B.23/20 titled “Forward-Looking Performance Review of the GCF”:

- (a) Recalls decision B.23/06, paragraphs (b), (c) and (d);
- (b) Takes note of the Secretariat management response to the Forward-Looking Performance Review of the GCF in document GCF/B.24/10; and
- (c) Decides to further consider, inter alia, the performance review and the management response within its deliberations on the Strategic Plan for the GCF 2020–2023 and other future Board agenda items, as appropriate.

(Note: Documents GCF/B.23/20 and GCF/B.24/10 mentioned in Decision B.24/01 could be found at the following links, respectively: [https://www.greenclimate.fund/documents/20182/1908411/GCF\\_B.24\\_10\\_-\\_Secretariat\\_management\\_response\\_to\\_the\\_Forward-Looking\\_Performance\\_Review\\_of\\_the\\_GCF.pdf/8cb3f701-f969-c6ce-c08f-64097db9924e](https://www.greenclimate.fund/documents/20182/1908411/GCF_B.24_10_-_Secretariat_management_response_to_the_Forward-Looking_Performance_Review_of_the_GCF.pdf/8cb3f701-f969-c6ce-c08f-64097db9924e) and [https://www.greenclimate.fund/documents/20182/1674504/GCF\\_B.23\\_20\\_-\\_Forward-Looking\\_Performance\\_Review\\_of\\_the\\_GCF.pdf/525f359f-cd33-81f2-0bf0-ff8e41353ede](https://www.greenclimate.fund/documents/20182/1674504/GCF_B.23_20_-_Forward-Looking_Performance_Review_of_the_GCF.pdf/525f359f-cd33-81f2-0bf0-ff8e41353ede))

### **\*DECISION B.23/06: Initial Consideration of the Forward-Looking Performance Review of the GCF**

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.

(Note: Document GCF/B.23/20 mentioned in Decision B.23/06 could be found at the following link: [https://www.greenclimate.fund/documents/20182/1674504/GCF\\_B.23\\_20\\_-\\_Forward-Looking\\_Performance\\_Review\\_of\\_the\\_GCF.pdf/525f359f-cd33-81f2-0bf0-ff8e41353ede](https://www.greenclimate.fund/documents/20182/1674504/GCF_B.23_20_-_Forward-Looking_Performance_Review_of_the_GCF.pdf/525f359f-cd33-81f2-0bf0-ff8e41353ede)

#### **DECISION B.BM-2019/04: Additional budget for the Performance Review of the GCF**

The Board, having considered document GCF/BM-2019/02 titled “Additional Budget for the Performance Review of the Fund by the Independent Evaluation Unit”:

- (a) Notes that the budget allocation for the review was reviewed and agreed by the Budget Committee with the Head of the Independent Evaluation Unit, as per the relevant extract from the minutes of the Budget Committee on 27 November 2018 contained in annex III of the document; and
- (b) Approves an additional budget allocation of USD 347,400 for the review to be added to the IEU budget effective immediately.

#### **\*DECISION B.21/17: Performance Review of the GCF**

The Board, having considered document Green Climate Fund/B.21/27 titled “Performance review of the Green Climate Fund”:

- (a) Recalls paragraphs 59 to 62 of the Governing Instrument for the Green Climate Fund;
- (b) Decides to initiate a review of the performance of the Green Climate Fund, in a manner appropriate to the current stage of the Green Climate Fund operations and with a view to the Green Climate Fund being a learning institution;
- (c) Decides that the review should take into account, but not be limited to, the outcomes of existing Green Climate Fund review documents, including those listed in annex XVI;
- (d) Agrees that the scope of the review will be to assess:
  - (i) Progress made by the Green Climate Fund so far in delivering on its mandate as set out in the Governing Instrument for the Green Climate Fund as well as in terms of its core operational priorities and actions as outlined in the initial Strategic Plan of the Green Climate Fund and the Green Climate Fund’s business model, in particular, the extent to which the Green Climate Fund has responded to the needs of developing countries and the level of country ownership;
  - (ii) The performance of the Green Climate Fund, including its funded activities and its likely effectiveness and efficiencies, as well as the disbursement levels to the funded activities; and
  - (iii) The existing Green Climate Fund portfolio and pipeline, the application of financial instruments, and the expected impacts of funding decisions and other support activities, including in terms of mitigation and adaptation, on both a forward- and backward-looking basis;
- (e) Decides that the outcome of the performance review and the Board’s consideration of the performance review will be shared with the replenishment process;

- (f) Requests the Independent Evaluation Unit, drawing on relevant external expertise, as appropriate, to undertake the review as early as possible and present an initial report with emerging areas of recommendation no later than 28 March 2019, and to finalize the review no later than 30 June 2019; and
- (g) Approves a budget allocation of USD 500,000 for the review to be added to the Independent Evaluation Unit budget effective immediately and available for the remaining part of 2018 and for 2019, and requests the Budget Committee to review the budget allocation with the head of the Independent Evaluation Unit.

**Annex XVI: Green Climate Fund review documents****A. Reviews by the UNFCCC**

- i. The technical summary of the fifth (FCCC/CP/2014/10/Add.2) and sixth reviews of the financial mechanism of the UNFCCC (FCCC/CP/2017/9, Annex II) and decisions 9/CP.20 and 11/CP.23;

**B. Reviews by the Green Climate Fund Secretariat**

- i. The review on the operation and structure of the Secretariat (Annex III, GCF/B.18/10);
- ii. The performance review of the Accreditation Panel (GCF/BM-2017/10);
- iii. The review of the Accreditation Framework (GCF/B.21/08);
- iv. The review of the financial terms and conditions of the Fund's financial instruments (GCF/B.21/05 and Add.01);
- v. The review of the structure, performance and capacity of ITAP (GCF/B.18/Inf.11, GCF/B.21/04);
- vi. The Secretariat's initial review of the Readiness and Preparatory Support Programme (GCF.B19/32/Add.01);
- vii. The forward-looking roadmap on the Green Climate Fund's private sector work; and
- viii. The first annual portfolio performance report (GCF/B.21/Inf.12).

**C. Reviews by the IEU**

- i. The independent evaluation of the Readiness and Preparatory Support Programme (GCF/B.21/28 and Add.01);
- ii. The independent evaluation of the implementation of the results management framework (GCF/B.21/20).

**DECISION B.21/11: Updated Three-year Rolling Work Plan and Work Plan and Budget of the Independent Evaluation Unit for 2019**

The Board, having considered document GCF/B.21/13 titled "2019 Work Plan and Budget and Update of its Three-year Rolling Work Plan of the Independent Evaluation Unit":

- (a) Approves the work plan and budget of the Independent Evaluation Unit for 2019 as contained in document GCF/B.21/13 and annex XII (total budgeted amount of USD 4,502,800); and
- (b) Notes the update on the rolling three-year work plan of the Independent Evaluation Unit outlined in annex XIII as requested by the Board to ensure flexibility, learning and predictability for the Independent Evaluation Unit.

(Note: Document GCF/B.21/13 and Annexes XII and XIII mentioned in Decision B.21/11 can be found at the following links:

[https://www.greenclimate.fund/documents/20182/1270184/GCF\\_B.21\\_13\\_-\\_2019\\_Work\\_Plan\\_and\\_Budget\\_and\\_Update\\_of\\_its\\_Three-year\\_Rolling\\_Work\\_Plan\\_of\\_the\\_Independent\\_Evaluation\\_Unit.pdf/e9344fe4-b735-e362-2be7-3c12f83a3f1f](https://www.greenclimate.fund/documents/20182/1270184/GCF_B.21_13_-_2019_Work_Plan_and_Budget_and_Update_of_its_Three-year_Rolling_Work_Plan_of_the_Independent_Evaluation_Unit.pdf/e9344fe4-b735-e362-2be7-3c12f83a3f1f) and [https://www.greenclimate.fund/documents/20182/1270184/GCF\\_B.21\\_34\\_-\\_Decisions\\_of\\_the\\_Board\\_twenty-first\\_meeting\\_of\\_the\\_Board\\_17\\_20\\_October\\_2018.pdf/b57193ac-c7ee-5d50-f051-d56f5552a469\\_respectively](https://www.greenclimate.fund/documents/20182/1270184/GCF_B.21_34_-_Decisions_of_the_Board_twenty-first_meeting_of_the_Board_17_20_October_2018.pdf/b57193ac-c7ee-5d50-f051-d56f5552a469_respectively) )

**DECISION B.19/21: Three-year Rolling Work Plan and Work Plan and Budget of the Independent Evaluation Unit for 2018**

The Board, having considered document GCF/B.19/07 titled "2018 Work Plan and Budget and Three-year Rolling Work Plan of the Independent Evaluation Unit":

- (a) Takes note of the Three-year Rolling Work Plan of the Independent Evaluation Unit as contained in annex XX and requests the Independent Evaluation Unit to amend it once the evaluation policy of the GCF has been adopted;
- (b) Recommends that the Three-year Rolling Work Plan be updated annually to ensure flexibility, learning and predictability for the Independent Evaluation Unit;
- (c) Approves the 2018 Work Plan and Budget of the Independent Evaluation Unit as contained in annex XXI (budget amounting to USD 2,953,867), respectively; and
- (d) Requests the Independent Evaluation Unit to report at each Board meeting on the implementation of its annual work plan and the Three-year Rolling Work Plan.

(Note: Annexes XX and XXI mentioned in Decision B.19/21 can be found at the following link: [https://www.greenclimate.fund/documents/20182/953917/GCF\\_B.19\\_43\\_Decisions\\_of\\_the\\_Board\\_nineteenth\\_meeting\\_of\\_the\\_Board\\_26\\_February\\_1\\_March\\_2018.pdf/350a95f3-c122-512b-e8c1-bfd1629fa60c](https://www.greenclimate.fund/documents/20182/953917/GCF_B.19_43_Decisions_of_the_Board_nineteenth_meeting_of_the_Board_26_February_1_March_2018.pdf/350a95f3-c122-512b-e8c1-bfd1629fa60c))

### **DECISION B.BM-2017/13: Staffing budgets of the independent units of the GCF**

The Board, having considered the draft 2018 work programmes and budgets of the Independent Redress Mechanism, Independent Integrity Unit and the Independent Evaluation Unit:

- (a) Takes note of the comments, suggestions and proposals made by Board members during the comment period as contained in documents GCF/2017/Inf.04, GCF/2017/Inf.05, and GCF/2017/Inf.06;
- (b) Approves the interim staffing budgets for 2018 as follows:
  - (i) USD 574,820 for the Independent Redress Mechanism;
  - (ii) USD 1,062,950 for the Independent Integrity Unit;
  - (iii) USD 1,883,667 for the Independent Evaluation Unit; and
- (c) Requests the heads of the Independent Units to present comprehensive work programmes and budgets for consideration by the Board at its nineteenth meeting.

### **DECISION B.17/02: Loan to the administrative budget of the Independent Evaluation Unit**

The Board:

- (a) Authorizes the Secretariat to provide a loan from the administrative budget of the Secretariat to the administrative budget of the Independent Evaluation Unit in an amount and for a period determined by the Co-Chairs, in consultation with members and alternate members of the Board; and
- (b) Also authorizes the Secretariat to reimburse an equivalent amount from the administrative budget of the Independent Evaluation Unit to the administrative budget of the Secretariat upon the approval of the Board of the workplan and budget of the Independent Evaluation Unit for 2017.

### **DECISION B.BM-2017/09: Approval of work plan and supplementary budget of the Independent Evaluation Unit (July to December 2017)**

The Board having considered document GCF/BM-2017/11 titled “2017 Work plan and Supplementary budget, Independent Evaluation Unit”:

Approves the work plan and budget of the Independent Evaluation Unit for July to December 2017 as contained in document GCF/BM-2017/11/Annex II and Annex III (total budgeted amount of USD 1,010,000).

(Note: Annexes II and III to document GCF/BM-2017/11 mentioned in decision B.BM-2017/09 can be found at the following link: [https://www.greenclimate.fund/documents/20182/620292/B.BM-2017\\_09\\_-](https://www.greenclimate.fund/documents/20182/620292/B.BM-2017_09_-))

[Decision of the Board on 2017 Work plan and Supplementary budget Independent Evaluation Unit.pdf/abb0487d-9048-4e77-b649-ad22856de2d0](https://www.greencclimate.fund/documents/20182/584114/GCF_B.16_18_-_Interim_work_plan_and_interim_budget_of_the_Independent_Evaluation_Unit.pdf/abb0487d-9048-4e77-b649-ad22856de2d0)

**DECISION B.16/07: Approval of work plan and budget of the Independent Evaluation Unit (March to June 2017)**

The Board having considered document GCF/B.16/18 titled “Interim work plan and interim budget of the Independent Evaluation Unit”:

- (a) Approves the work plan and budget of the Independent Evaluation Unit for March to June, 2017 as contained in document GCF/B.16/19 and annex III (total budgeted amount of USD 370,930), respectively;
- (b) Authorizes the Head of the Independent Evaluation Unit to undertake consultations as required to present a complete work plan and budget for 2017 at the seventeenth meeting of the Board; and
- (c) Also authorizes the Head of the Independent Evaluation Unit to undertake consultations to inform the outline of the Independent evaluation policy and undertake processes to set up the Independent Evaluation Unit.

(Note: Document GCF/B.16/19 and annex III mentioned in decision B.16/07 can be found at the following link:

[https://www.greencclimate.fund/documents/20182/584114/GCF\\_B.16\\_18\\_-\\_Interim\\_work\\_plan\\_and\\_interim\\_budget\\_of\\_the\\_Independent\\_Evaluation\\_Unit.pdf/d4127eda-fe1b-4db3-a5b2-fc7534e617d8](https://www.greencclimate.fund/documents/20182/584114/GCF_B.16_18_-_Interim_work_plan_and_interim_budget_of_the_Independent_Evaluation_Unit.pdf/d4127eda-fe1b-4db3-a5b2-fc7534e617d8) and [https://www.greencclimate.fund/documents/20182/584114/GCF\\_B.16\\_23\\_-\\_Decisions\\_of\\_the\\_Board\\_sixteenth\\_meeting\\_of\\_the\\_Board\\_4\\_6\\_April\\_2017.pdf/64e73375-d716-491f-9a1e-e35e9d0b83bd](https://www.greencclimate.fund/documents/20182/584114/GCF_B.16_23_-_Decisions_of_the_Board_sixteenth_meeting_of_the_Board_4_6_April_2017.pdf/64e73375-d716-491f-9a1e-e35e9d0b83bd) respectively)

**DECISION B.13/17: Appointment of the Head of the Independent Evaluation Unit – limited distribution**

The Board took note of document GCF/B.13/10 (limited distribution) titled “Appointment of the Head of the Independent Evaluation Unit”.

A limited distribution decision was adopted under this agenda sub-item on the appointment of the Head of the Independent Evaluation Unit.

**\*DECISION B.06/09 (a): Adoption of terms of reference for the Independent Evaluation Unit**

The Board, having reviewed document GCF/B.06/06 Terms of Reference of the Independent Evaluation Unit, the Independent Integrity Unit, and the Independent Redress Mechanism:

- (a) Adopts the terms of reference of the Independent Evaluation Unit, as set out in Annex III to this document;

**Annex III: Terms of reference of the Independent Evaluation Unit**

**I. Background**

1. The terms of reference of the Independent Evaluation Unit (IEU) are based on the Governing Instrument (particularly, but not exclusively, its paragraphs 59-62), taking into account Board decisions and documents, best international practices and the specific functions of the Fund, its scope of activities, size and structure.

**II. Objectives**

3. The following objectives of the IEU are derived from the Government Instrument:

- (a) Informing the decision-making by the Board and identifying and disseminating lessons learned, contributing to guiding the Fund and stakeholders as a learning institution, providing strategic guidance;
- (b) Conducting periodic independent evaluations of the Fund’s performance in order to provide an objective assessment of the Fund’s results and the effectiveness and efficiency of its activities; and
- (c) Providing evaluation reports to the Conference of the Parties (COP) to the United Nations Framework Convention on Climate Change (UNFCCC) for purposes of periodic reviews of the financial mechanism of the Convention.

### III. Independence of evaluation and role of the Board

4. According to the best-practice norms and standards for independent evaluation,<sup>1</sup> the evaluation function should be located independently from the other management functions so that it can be free from undue influence. It needs to have full discretion in directly submitting its reports. The Head of the IEU will be appointed by, and report to, the Board, potentially through a designated Board committee. The appointment will be for a three-year term. The recruitment process will be conducted in a transparent manner and in consultation with the Board. The Head of the IEU can be removed only by decision of the Board. To preserve independence, upon termination of service as the IEU Head, he/she will not be eligible for staff positions within the Secretariat.

5. The staff of the IEU will be subject to the Code of Conduct of Staff.

6. The Board will review and approve the evaluation policy, three year-rolling evaluation work plans, the annual work programme and budget. It will also review, on an annual basis. The progress in the implementation of IEU recommendations.

### IV. Responsibilities

7. Should the COP commission an independent assessment of the overall performance of the Fund, the IEU would support the work involved in such assessment. An overall performance study of the Fund could become a responsibility of the IEU, as has been the case with the Global Environment Facility (GEF) Evaluation Office since 2007.

8. Furthermore, taking into account international experience, and in light of the results of its evaluations, the IEU will make recommendations to improve the Fund's performance indicators and its results management framework.

9. In addition, the IEU will attest to the quality of the Fund's self-evaluation conducted by the Secretariat.

10. The IEU will synthesize the findings and lessons learned from its evaluations to inform the Board and the Executive Director as well as stakeholders.

11. The IEU will actively participate in relevant evaluation networks to ensure that it is at the frontier of evaluation practice and that it benefits from relevant initiatives undertaken by other evaluation units.

12. The IEU will establish close relationships with the independent evaluation units of the intermediaries and implementing entities of the Fund and will seek to involve them in their activities wherever feasible and appropriate.

13. The IEU will be responsible for conducting, or managing by contracting consultants, the types of evaluations mentioned in Section V, using as much as possible internally generated data streams and analytical outputs, and applying the best evaluation norms and standards<sup>2</sup> The use of technical expert panels or similar mechanisms may be appropriate, as recommended in the case of the GEF by the peer review of its evaluation function. The IEU will ensure that evaluation team members do not have conflicts of interest with respect to the activities in whose evaluation they will be involved. Finally, the IEU will be responsible to develop and update the evaluation policy of the Fund.

### V. Types of evaluation and the Fund's result areas

14. Given that the Fund will pursue a country-driven approach, after its first years of operation the IEU may perform evaluations of the activities funded in different countries, i.e. country portfolio evaluations.

15. Furthermore, the IEU may also perform thematic evaluations of the different types of activities that the Fund will finance such as those designed to enable and support enhanced actions on climate change adaptation or mitigation. With time, these thematic evaluations may cover all the results areas of the Fund.<sup>3</sup>

16. In addition, as the Fund will support developing countries in pursuing project-based and programmatic approaches in accordance with climate change strategies and plans, such as low-emission development strategies or plans, nationally appropriate mitigation actions (NAMAs), national adaptation plans of action (NAPAs), national adaptation plans (NAPs) and other related activities, the IEU may also perform evaluations of those project-based and programmatic approaches.

17. The types of evaluation mentioned above will provide the Board and the COP with an independent assessment of the Fund's operations. These evaluations could also be used as building blocks for an overall assessment of the Fund. To maximize the value added of IEU evaluations, the IEU will prepare its work plans after consulting with the Board and the Secretariat. All these evaluations will be performed mainly by independent consultants managed by the IEU.

### VI. Evaluation criteria

18. The evaluation criteria to be used by IEU will be the following (taking into account the Fund's results management framework):

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<sup>1</sup> Sourcebook for Evaluating Global and Regional Partnership Programs elaborated by the OECD/DAC Network on Development Evaluation and IEG/World Bank.

<sup>2</sup> In addition to the norms and standards, quoted in footnote 1, another relevant source are the good-practice standards developed by the independent evaluation offices of multilateral development banks (MDBs), through their Evaluation Cooperation Group (ECG). See [https://wpqr4.adb.org/LotusQuickr/ecg/PageLibrary48257B910010370B.nsf/h\\_Toc/7165ce615f744f0848257b95002c9f1d/?OpenDocument](https://wpqr4.adb.org/LotusQuickr/ecg/PageLibrary48257B910010370B.nsf/h_Toc/7165ce615f744f0848257b95002c9f1d/?OpenDocument).

<sup>3</sup> Document GCF/B.05/02 identifies 14 initial result areas of the Fund.

- (a) Relevance, effectiveness, efficiency, impact and sustainability of projects and programmes;<sup>4</sup>
- (b) Coherence in climate finance delivery with other multilateral entities;
- (c) Gender equity;
- (d) Country ownership of projects and programmes;<sup>5</sup>
- (e) Innovativeness in result areas (extent to which interventions may lead to paradigm shift towards low-emission and climate resilient development pathways);
- (f) Replication and scalability - the extent to which the activities can be scaled up in other locations within the country or replicated in other countries (this criterion, which is considered in document GCF/B.05/03 in the context of measuring performance, could also be incorporated in independent evaluations);<sup>6</sup> and
- (g) Unexpected results, both positive and negative.

### VII. Feedback and knowledge management

19. Independent Evaluation Unit evaluations will be published and reports will be provided to the COP for its periodic reviews of the financial mechanism of the Convention.<sup>7</sup>

20. Evaluation results should feed back into the design phase, thus contributing to enhancing the quality of funded activities. To facilitate this process, the IEU will periodically prepare brief notes synthesizing lessons learned from evaluations.

### VIII. Delineation of roles and responsibilities of the Fund's IEU and those of the independent evaluation mechanisms of implementing entities and intermediaries

21. In the initial phase of its operations, the Fund will be exclusively be working through subnational, national, regional and international implementing entities and intermediaries. Thus, it will be of necessary to define the delineation of roles and responsibilities of the Fund's IEU and those of the independent evaluation mechanisms of implementing entities and intermediaries.

22. The Fund's IEU should closely cooperate with the relevant departments or units of implementing entities and intermediaries and should seek to involve them in its activities wherever feasible.

23. The relationship between the IEU and the corresponding body of implementing entities or intermediaries will be covered by agreements which will be entered into by the Fund with these entities or intermediaries which will require these to cooperate with the Fund's IEU, where required.

24. The IEU will support the strengthening of evaluation capacities in subnational, national and regional IEs and intermediaries to enable evaluation of their Fund portfolio activities. Over time, in those countries in which there are sub-national, national or regional intermediaries or implementing entities with evaluation capacities, the IEU could involve them in Fund evaluations.

## INDEPENDENT REDRESS MECHANISM

### DECISION B.24/08: Approval of the 2020 work programme and budget of the Independent Redress Mechanism

The Board, having considered document GCF/B.24/03/Rev.01 titled "Independent Redress Mechanism Work Plan and Budget for 2020":

Approves the workplan and budget of the Independent Redress Mechanism for 2020 as contained in annexes XII and XIII, respectively, for the total budgeted amount of USD 1,321,238.

(Note: Annexes XII and XIII mentioned in Decision B.24/08 could be found at the following link: [https://www.greenclimate.fund/documents/20182/1908411/GCF.B.24.17-Decisions\\_of\\_the\\_Board\\_twenty-fourth\\_meeting\\_of\\_the\\_Board\\_12\\_14\\_November\\_2019.pdf/b456ef92-b472-c83c-822d-992e284e3330](https://www.greenclimate.fund/documents/20182/1908411/GCF.B.24.17-Decisions_of_the_Board_twenty-fourth_meeting_of_the_Board_12_14_November_2019.pdf/b456ef92-b472-c83c-822d-992e284e3330) )

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<sup>4</sup> Co-benefits and global environmental co-benefits would be included either within relevance and/or effectiveness, depending on the definition of the objectives of the Fund's activities that will be evaluated.

<sup>5</sup> Even though this is not a standard evaluation criterion, it is included among the evaluation criteria that the IEU should use in order to take into account decision B.04/04, that country ownership will be a core principle of the Fund's business model framework.

<sup>6</sup> Following the good practice of the Independent Evaluation Office of the International Fund for Agricultural Development (IFAD).

<sup>7</sup> As established in the Annex to decision 5/CP.19.

**DECISION B.22/22: Procedures and Guidelines of the Independent Redress Mechanism**

The Board, having considered document GCF/B.22/11 titled “Procedures and Guidelines of the Independent Redress Mechanism”:

- (a) Adopts the Procedures and Guidelines of the Independent Redress Mechanism (Procedures and Guidelines) as set out in annex II to document GCF/B.22/11;
- (b) Decides that such Procedures and Guidelines shall take effect from the date of this decision and shall replace the interim procedures for the reconsideration of funding decisions adopted by decision B.13/24, paragraph (a), from the date of this decision in respect of requests for reconsideration of funding decisions submitted to the Independent Redress Mechanism following the date hereof;
- (c) Decides to designate the Ethics and Audit Committee of the Board as the “Board Committee” under the Procedures and Guidelines and entrusts the said Committee with responsibility for matters relating to the Procedures and Guidelines of the Independent Redress Mechanism; and
- (d) Requests the Head of the Independent Redress Mechanism, in consultation with the Ethics and Audit Committee, to consider options to facilitate the Board’s consideration of reports from the Independent Redress Mechanism containing its findings and recommendations relating to requests for reconsideration of funding decisions and grievances or complaints by those adversely affected or who may be affected by GCF projects or programmes, and to prepare appropriate guidelines for consideration by the Board by its twenty-fourth meeting.

(Note: The Procedures and Guidelines of the Redress Independent Mechanism contained in document GCF/B.22/11 mentioned in Decision B.22/22 could be found at the following link: [https://www.greenclimate.fund/documents/20182/1424894/GCF\\_B.22\\_11\\_-\\_Procedures\\_and\\_Guidelines\\_of\\_the\\_Independent\\_Redress\\_Mechanism.pdf/c4db5468-5aad-b589-6e3e-7f7e85cd46a5](https://www.greenclimate.fund/documents/20182/1424894/GCF_B.22_11_-_Procedures_and_Guidelines_of_the_Independent_Redress_Mechanism.pdf/c4db5468-5aad-b589-6e3e-7f7e85cd46a5))

**DECISION B.21/10: Work Plan and Budget of the Independent Redress Mechanism for 2019**

The Board, having considered document GCF/B.21/09 titled “Independent Redress Mechanism Work Plan and Budget for 2019”:

Approves the work plan and budget of the Independent Redress Mechanism for 2019 as contained in annex X and XI, respectively (total budgeted amount of USD 1,161,220).

(Note: Annexes X and XI mentioned in Decision B.21/10 can be found in the following link: [https://www.greenclimate.fund/documents/20182/1270184/GCF\\_B.21\\_34\\_-\\_Decisions\\_of\\_the\\_Board\\_twenty-first\\_meeting\\_of\\_the\\_Board\\_17\\_20\\_October\\_2018.pdf/b57193ac-c7ee-5d50-f051-d56f5552a469](https://www.greenclimate.fund/documents/20182/1270184/GCF_B.21_34_-_Decisions_of_the_Board_twenty-first_meeting_of_the_Board_17_20_October_2018.pdf/b57193ac-c7ee-5d50-f051-d56f5552a469))

**DECISION B.19/19: Work Plan and Budget of the Independent Redress Mechanism for 2018**

The Board, having considered document GCF/B.19/08 titled “Independent Redress Mechanism Work Plan and Budget for 2018”:

Approves the work plan and budget of the Independent Redress Mechanism for 2018 as contained in annex II and III of document GCF/B.19/08 (total budgeted amount of USD 911,820).

(Note: Annexes II and III of document GCF/B.19/08 mentioned in Decision B.19/19 can be found in the following link: [https://www.greenclimate.fund/documents/20182/953917/GCF\\_B.19\\_08\\_-\\_Independent\\_Redress\\_Mechanism\\_Work\\_Plan\\_and\\_Budget\\_for\\_2018.pdf/2f91789e-15ec-4585-a05b-0cbb6737d406](https://www.greenclimate.fund/documents/20182/953917/GCF_B.19_08_-_Independent_Redress_Mechanism_Work_Plan_and_Budget_for_2018.pdf/2f91789e-15ec-4585-a05b-0cbb6737d406))

**DECISION B.BM-2017/13: Staffing budgets of the independent units of the GCF**

The Board, having considered the draft 2018 work programmes and budgets of the Independent Redress Mechanism, Independent Integrity Unit and the Independent Evaluation Unit:

- (a) Takes note of the comments, suggestions and proposals made by Board members during the comment period as contained in documents GCF/2017/Inf.04, GCF/2017/Inf.05, and GCF/2017/Inf.06;
- (b) Approves the interim staffing budgets for 2018 as follows:
  - (i) USD 574,820 for the Independent Redress Mechanism;
  - (ii) USD 1,062,950 for the Independent Integrity Unit;
  - (iii) USD 1,883,667 for the Independent Evaluation Unit; and
- (c) Requests the heads of the Independent Units to present comprehensive work programmes and budgets for consideration by the Board at its nineteenth meeting.

**\*DECISION B.BM-2017/10: Updated Terms of Reference of the Independent Redress Mechanism (Revised)**

The Board, having considered document GCF/B.16/20 titled “Updated terms of reference of the Independent Redress Mechanism” and this document GCF/BM-2017/12 titled “Updated Terms of Reference of the Independent Redress Mechanism (Revised)”:

- (a) Adopts the updated terms of reference of the Independent Redress Mechanism, as set out in annex II to this document;
- (b) Decides that such updated terms of reference shall take effect on the date hereof; and
- (c) Also decides that pending the Board’s adoption of the detailed guidelines and procedures for the Independent Redress Mechanism, the interim procedures for the reconsideration of funding decisions adopted by decision B.13/24, paragraph (a), shall apply, mutatis mutandis, in relation to requests for reconsideration of funding decisions.

Annex II: Updated terms of reference of the Independent Redress Mechanism

**I. Role and objectives**

1. The Governing Instrument for the GCF mandates the Board to establish “an independent redress mechanism that will report to the Board. The mechanism will receive complaints related to the operation of the Fund and will evaluate and make recommendations”. The Independent Redress Mechanism (IRM) is not intended to be a court of appeals or a legal mechanism.
2. The IRM is a mechanism within the GCF that will:
  - (a) Address the reconsideration of funding decisions in accordance with paragraphs 6 to 10 of the Arrangements between the GCF and the Conference of the Parties;<sup>1</sup> and
  - (b) Address the grievances and complaints by a person or a group of two or more persons or communities who have been or may be affected by adverse impacts through the failure of a project or programme funded by the GCF to comply with applicable GCF operational policies and procedures, including environmental and social safeguards.<sup>2</sup>
3. In this context, the objectives of the IRM are to:
  - (a) Increase the effectiveness of the GCF’s operations;
  - (b) Be responsive to the concerns of people adversely affected by projects and programmes funded by the GCF;
  - (c) Be fair and equitable to all stakeholders;
  - (d) Be independent and transparent;
  - (e) Be cost-effective and expeditious in the delivery of just redress;

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<sup>1</sup> Decision 5/CP.19, Annex, FCCC/CP/2013/10/Add.1.

<sup>2</sup> This includes Board-approved policies, frameworks and approaches regardless of title.

- (f) Be complementary to other supervision, audit, quality control and evaluation systems of the GCF; and
- (g) Follow international best practices, consistent with these terms of reference and the detailed guidelines and procedures of the IRM.

## **II. Governance and management structure**

4. The IRM will have the highest professional and technical standards for its staff, consultants and operations and will be headed by a full-time head who shall be an expert with experience in running an accountability mechanism. The Head of the IRM should enjoy an impeccable reputation of honesty and integrity and be widely respected and regarded for his/her competence and expertise. The Head of the IRM will report to the Board and be accountable and responsible for the effective and efficient operation of the IRM.

5. The Board will be responsible for:

- (a) Appointing the Head of the IRM, in an open and transparent manner to be decided by the Board;
- (b) Overseeing the activities of the IRM;
- (c) Considering and approving the annual work plan and budget of the IRM;
- (d) Taking appropriate actions in response to recommendations of the IRM, following the investigations; and
- (e) Monitoring the implementation of (i) agreements reached by problem-solving methods, and (ii) the decisions taken under subparagraph (d) above of this paragraph.

6. The Head of the IRM shall prepare and submit an annual work plan and budget of the IRM to the Board through the Ethics and Audit Committee (EAC) and consult with the EAC on its implementation. Whenever the Head of the IRM recommends, pursuant to paragraph 16 below, reconsideration of relevant policies, procedures, guidelines and systems of the GCF to the Board, he/she shall do so through the EAC. Additionally, the Head of the IRM may consult with the EAC and seek its advice on other matters, as appropriate.

7. The tenure of the office of the Head of the IRM will be for three years, renewable once. To ensure independence of the office, the incumbent may not be removed from office during his/her term, except for cause. His/her terms and conditions of appointment will be decided by the Board. The Head of the IRM shall not be eligible for any type of employment by the GCF before the expiration of 18 months after the date of the end of his/her appointment.

## **III. Modalities for reconsideration of funding decisions**

8. A request can be filed by a developing country that has been denied funding for a specific project or programme in that country by the Board for reasons other than lack of available resources, when the denial was based on non-compliance by the Fund with a policy or procedure adopted by the Board of the Fund, including those adopted in response to guidance from the Conference of the Parties in relation to matters of policies, programme priorities and eligibility criteria. Such a request must identify the particular circumstances of non-compliance, demonstrate that such non-compliance could have resulted in denial of the funding proposal by the Board and confirm that the accredited entity which submitted the proposal is committed to implement the project or programme should the same be funded by the Board. Nothing in these Terms of Reference shall infringe on the authority of the Board with respect to funding decisions.

9. Having considered such a request, in accordance with the detailed guidelines and procedures referred to in paragraph 18 below, the IRM will prepare a report for the Board's consideration, including, where appropriate, recommendations on possible remedial actions.

10. The Board may consider the request in view of the report and may take steps to implement the recommendation of the IRM.

**IV. Modalities for redress for affected communities**

11. A grievance or complaint can be filed by a person or group of two or more persons or communities who have been or may be affected by adverse impacts of a project or programme funded<sup>3</sup> by the GCF. Such a grievance or complaint may be filed and pursued on such person's or persons' behalf by their government or a representative, duly authorized to act in such capacity, in accordance with the detailed guidelines and procedures. The complainant may request that his/her identity be kept confidential by the IRM. Other kinds of grievances or complaints, such as allegations of corruption or misprocurement, will be handled by other units of the GCF, such as the Independent Integrity Unit.

12. If the IRM receives information from a credible source that a project or programme funded by the GCF has adversely impacted or may impact a community or person or a group of two or more persons, and where such information, if true, would pose a significant reputational risk to the GCF, the IRM may initiate proceedings under this modality only if the person[s] adversely impacted [is] or [are] unable to access the IRM. For the purposes of these terms of reference, this information will be considered a "grievance or complaint".

13. When considering such a grievance or complaint, the IRM will follow the steps set out below:

- (a) Evaluate if the grievance or complaint meets the eligibility criteria set out in paragraph 11 or 12 above;
- (b) If deemed eligible, address a grievance or complaint from those affected by the projects/programmes funded by the GCF;
- (c) Offer, and when appropriate, use problem-solving methods for addressing the grievance or complaint such as mediation to bring about a satisfactory resolution of the grievance or complaint;
- (d) Where such problem-solving efforts are not successful or appropriate, first determine, prima facie, if the project/programme-affected person has or persons or communities have encountered or may encounter adverse impacts through the failure of the project or programme funded by the GCF to comply with the GCF's operational policies and procedures, including environmental and social safeguards and, thereafter, conduct investigations and prepare a report for the Board's consideration, including, where appropriate, recommendations on possible remedial actions, taking into account the extent of the GCF's investment in a project or programme;
- (e) Monitor whether agreements resulting from problem-solving efforts and decisions taken by the Board following IRM recommendations have been implemented; and
- (f) Prepare and submit periodic monitoring reports to the Board, as and when required.

14. Recommendations of the IRM, following a compliance review, may include, but are not limited to:

- (a) Recommending that steps be taken by the GCF, accredited entity or project sponsor to bring the project or programme into compliance with the policies and procedures of the GCF, including environmental and social safeguards;
- (b) Recommending that a remedial plan be developed and implemented by the GCF, either itself or acting through the Secretariat, in conjunction with the relevant accredited entity and the IRM; and
- (c) Recommending that redress in the form of financial compensation be provided to the complainant[s].

15. The Board may consider the grievance or complaint in view of the report and may take steps to implement the recommendation of the IRM.

**V. Lessons learned and public outreach**

16. The IRM will report to the Board on lessons learned and insights gained from handling cases under paragraph 2(a) and (b) and from good international practices, and may recommend

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<sup>3</sup> Projects and programmes funded by the GCF includes projects and programmes being actively considered for funding by the GCF.

reconsideration of relevant policies, procedures, guidelines and systems of the GCF, including environmental and social safeguards.

17. The IRM will provide education and outreach to relevant stakeholders and the public.

#### **VI. Guidelines and procedures**

18. The detailed guidelines and procedures governing the work of the IRM will be approved by the Board. The procedures to be followed will be iterative.

#### **VII. Work plan, budget, staffing, consultants and reporting**

19. To ensure the financial independence of the IRM, the Head of the IRM will propose a work plan, and budget for meeting the annual expenses and the Board will consider and approve this work plan and budget.

20. For administrative purposes only, the Head of the IRM will report to the Executive Director, but for all substantive work, he/she will be responsible to the Board.

21. All staff and consultant appointments and terminations of service in the IRM will be the sole responsibility of the Head of the IRM and not of the Secretariat. The policies and guidelines of the GCF, including the Code of Conduct, applicable to its staff and consultants shall also apply to the appointment and termination of the staff and consultants of the IRM.

22. The IRM will prepare an annual report on its work for presentation to the Board and dissemination to the public.

#### **VIII. Delineation of roles and responsibilities of the Independent Redress Mechanism and those of the accountability mechanisms of implementing entities and intermediaries**

23. The IRM should closely cooperate with the relevant departments or units of implementing entities and intermediaries.

24. The relationship between the IRM and the corresponding body of implementing entities or intermediaries will be covered in agreements which will be entered into by the IRM with these implementing entities or intermediaries.

25. The IRM will share best practices and give guidance that can be helpful for the GCF's readiness activities and accreditation process and for supporting the strengthening of capacities of the accountability/redress mechanisms of direct access accredited entities.

#### **IX. Review of the Independent Redress Mechanism**

26. The independent review of the IRM will be undertaken every five years, or at such other time decided by the Board, and may include a review of the terms of reference of the IRM and detailed guidelines and procedures.

### **DECISION B.15/12: Work Plan and Budget of the Independent Redress Mechanism for 2017**

The Board, having considered document GCF/B.15/19 titled "Independent Redress Mechanism Unit work plan & budget for 2017":

- (a) Approves the work plan and budget of the Independent Redress Mechanism Unit for 2017 as contained in document GCF/B.15/19 and annex XVI to this document (total budgeted amount of USD 999,141), respectively;
- (b) Invites the Head of the Independent Redress Mechanism Unit to consult with the Ethics and Audit Committee in the implementation of the work plan, including the consultation process, as appropriate;
- (c) Authorizes the Head of the Independent Redress Mechanism Unit to undertake consultations on the revised terms of reference for the Independent Redress Mechanism in accordance with decision B.13/24, and present a draft revised terms of reference for the Board's consideration at its sixteenth meeting; and
- (d) Also authorizes the Head of the Independent Redress Mechanism Unit to undertake consultations on the detailed guidelines and procedures for the operation of the

Independent Redress Mechanism, and present a draft of the same for the Board's consideration no later than at its eighteenth meeting.

(Note: Annex XVI mentioned in decision B.15/12 can be found at the following link: [https://www.greenclimate.fund/documents/20182/490910/GCF\\_B.15\\_24\\_-\\_Decisions\\_of\\_the\\_Board\\_fifteenth\\_meeting\\_of\\_the\\_Board\\_13-15\\_December\\_2016.pdf/8726fc1c-15fc-4a2e-90fb-23267b3f8ea5](https://www.greenclimate.fund/documents/20182/490910/GCF_B.15_24_-_Decisions_of_the_Board_fifteenth_meeting_of_the_Board_13-15_December_2016.pdf/8726fc1c-15fc-4a2e-90fb-23267b3f8ea5))

**DECISION B.13/24: Adoption of interim procedures for reconsideration of funding decisions**

The Board, having reviewed document GCF/B.13/17 titled "Interim procedures for redress: reconsideration of funding decisions",

- (a) Adopts the interim procedures for the reconsideration of funding decisions, as set out in annex IV;
- (b) Requests the Head of the Independent Redress Mechanism to prepare, with the support of the Secretariat, for consideration by the Board no later than its sixteenth meeting, the detailed guidelines and procedures for the independent Redress Mechanism referred to in the terms of reference of the independent Redress Mechanism (decision B.06/09, annex V, para. 14 (document GCF/B.06/18, annex V, para. 14)) in close consultation with similar or equivalent mechanisms of accredited entities and other stakeholders;
- (c) Also requests the Head of the Independent Redress Mechanism, when preparing such detailed guidelines and procedures:
  - (i) To consider how the GCF should contribute to the third-party costs and expenses incurred by those who are entitled to seek redress from the GCF and make a recommendation to the Board in this regard, including in respect of the circumstances under which such costs may be claimed and the modalities pursuant to which such costs will be assessed; and
  - (ii) To include, if possible, guidelines on the categories of information that the Head of the Independent Redress Mechanism may reasonably request from those who are entitled to seek redress from the GCF;
- (d) Affirms that prior to the full operationalization of the GCF independent Redress Mechanism, grievances and complaints from communities and people should be addressed by the institutional grievance mechanism of the relevant accredited entity; and
- (e) Invites the Head of Independent Redress Mechanism, following consultation with relevant stakeholders, to recommend any necessary updates to the terms of reference of the independent Redress Mechanism for the Board's consideration no later than the fifteenth meeting of the Board.

(Note: The draft interim procedures for the reconsideration of funding decisions mentioned in Decision B.13/24 (a) –Annex IV have been superseded by those approved by Decision B.22/22, see [DECISION B.22/22: Procedures and Guidelines of the Independent Redress Mechanism](#) )

**DECISION B.06/09 (c): Adoption of terms of reference for the Independent Redress Mechanism**

The Board, having reviewed document GCF/B.06/06 Terms of Reference of the Independent Evaluation Unit, the Independent Integrity Unit, and the Independent Redress Mechanism:

- (c) Adopts the terms of reference of the independent redress mechanism, as set out in Annex V to this document.

(Note: The terms of reference contained in Annex V mentioned in Decision B.06/09 (c) have been superseded with those approved by decision B.BM-2017/10, see \*DECISION B.BM-2017/10: Updated Terms of Reference of the Independent Redress Mechanism (Revised)

**EXTERNAL AUDITOR**

**DECISION B.BM-2015/02: Appointment of external auditor of the GCF**

The Board, in accordance with decision B.08/20 and through a decision taken between meetings on a no-objection basis:

Appoints Daemyung Grant Thornton as the External Auditor of the Fund for a three-year period beginning with the audit of the 2014 financial statements.

## CHAPTER V. STRATEGIC PLAN

### **\*DECISION B.24/03: Updated Strategic Plan for the GCF 2020-2023 – Invitation to the Board for submissions and agreement to hold an Informal Meeting of the Board**

The Board, having considered document GCF/B.24/Inf.01 titled “The Strategic Plan for the GCF: 2020–2023”:

- (a) Requests the Secretariat, under the guidance of the Co-Chairs, to continue developing the updated Strategic Plan for 2020–2023, with a view to presenting it for consideration and approval by the Board at its twenty-fifth meeting, and that it takes into account:
  - (i) Guidance set out by the Board in decision B.22/06 and decisions taken by the Board at its twenty-fourth meeting, including in relation to the outcomes of the first formal replenishment process of the GCF;
  - (ii) Ongoing consultation with Board members and alternate members, including comments made at and the outcomes of the twenty-fourth meeting of the Board and further written submissions made by Board and alternate members; and
  - (iii) An inclusive process of engagement with GCF stakeholders, including developing countries, accredited entities, advisory groups, active observers and observer organizations;
- (b) Invites Board members and alternate members, as well as active observers, to submit written comments to the Secretariat on the draft updated Strategic Plan set out in document GCF/B.24/Inf.01 by 20 December 2019 to inform the work referred to in paragraph (a) above;
- (c) Requests the Secretariat to publish all written submissions on the GCF website;
- (d) Decides to hold an informal meeting of the Board, open to active observers, well before the twenty-fifth meeting of the Board, with a view to present a final draft of the updated Strategic Plan for 2020–2023;
- (e) Welcomes the offers from Liberia and Armenia to host the informal meeting of the Board;
- (f) Decides that the informal meeting shall be held from 5 to 7 February 2020 in Monrovia, Liberia;
- (g) Requests the Secretariat to distribute to Board and alternate members and active observers, at least two weeks prior to the informal meeting referred to in paragraph (d) above, an updated draft of the Strategic Plan for 2020–2023, along with guiding questions on issues requiring further consideration by the Board, as input to the informal meeting;
- (h) Decides that the cost of the informal meeting will be covered by the budget of the Board for 2020, as approved by decision B.24/05, and requests the Budget Committee to review the budgetary allocation; and
- (i) Requests the Secretariat to make the necessary arrangements for this informal meeting.

(Note: Document GCF/B.24/Inf.01 mentioned in Decision B.24/03 could be found at the following link:

[https://www.greenclimate.fund/documents/20182/1908411/GCF\\_B.24\\_Inf.01\\_-\\_The\\_Strategic\\_Plan\\_for\\_the\\_GCF\\_2020\\_2023.pdf/ef612592-bc92-43a2-dc2a-af412e4cc7ff](https://www.greenclimate.fund/documents/20182/1908411/GCF_B.24_Inf.01_-_The_Strategic_Plan_for_the_GCF_2020_2023.pdf/ef612592-bc92-43a2-dc2a-af412e4cc7ff))

### **DECISION B.22/06: Update of the Strategic Plan of the GCF**

The Board, having considered documents GCF/B.22/Inf.13 titled “Report on the implementation of the initial Strategic Plan of the GCF: 2015–2018”, GCF/B.22/17 titled “Synthesis of Board submissions on the update of the Strategic Plan of the Green Climate Fund” and GCF/B.22/Inf.12 titled “Strategic Programming for the Green Climate Fund First Replenishment”:

- (a) Takes note of the submissions made by Board and alternate members on the update of the Strategic Plan of the GCF (document GCF/B.22/17), as requested by decision B.21/18;
- (b) Also takes note of the information presented by the Secretariat in the comprehensive report on the implementation of the initial Strategic Plan of the GCF, which notes the substantial progress made by the GCF over its initial resource mobilization period (2015–2018), as well as challenges, lessons learned and opportunities for consideration in future strategic planning;
- (c) Agrees that the Strategic Plan will continue to guide the GCF as a continuously learning institution in further developing its operational modalities and performance, with a view to achieving its overarching objective to promote the paradigm shift towards low-emission and climate-resilient development pathways in the context of sustainable development, and in particular that an updated Strategic Plan will:
  - (i) Reflect the mandate of the GCF as outlined in its Governing Instrument and as an operating entity of the financial mechanism of the United Nations Framework Convention on Climate Change also serving the Paris Agreement;
  - (ii) Acknowledge that the GCF has reached a more mature stage of operations and be informed by lessons learned from the initial resource mobilization period;
  - (iii) Update the core operational priorities and underlying action plan with a view to continuous improvement of the accessibility, efficiency, effectiveness, impact, scale and reach of the GCF;
- (d) Requests the Secretariat, under the guidance of the Co-Chairs, to present an update to the initial Strategic Plan for consideration by the Board at its twenty-fourth meeting, and that this take into account:
  - (i) Consultation with Board and alternate members, as well as submissions made by Board and alternate members and views expressed during the twenty-second and twenty-third meetings of the Board;
  - (ii) An inclusive process of engagement with GCF stakeholders, including national designated authorities/focal points, accredited entities, advisory groups, active observers and observer organizations;
  - (iii) Findings from the performance review of the GCF and the outcome of the Board's consideration of that review;
- (e) Invites Board and alternate members, as well as national designated authorities, representatives of accredited entities, members of the Private Sector Advisory Group, active observers and observer organizations, to submit input on the update of the Strategic Plan to the Secretariat by 30 April 2019 to inform work under paragraph (d); and
- (f) Requests the Secretariat to publish all submissions on the GCF website.

**DECISION B.17/05: Implementation of the Initial Strategic Plan of the GCF**

The Board, having considered document GCF/B.17/11 titled “Implementation of the Initial Strategic Plan of the GCF: Update on country programmes and entity work programmes”:

- (a) Takes note of the information provided in the document;
- (b) Welcomes the progress made with the preparation of country and entity work programmes;
- (c) Requests the Secretariat to consolidate the country and entity work programmes and provide the Board with the document, as appropriate; and

- (d) Amends decision B.12/20, paragraph (d), to replace “at each Board meeting” with the words “annually through a comprehensive status report”.

**\*DECISION B.12/20: Endorsement of the Strategic Plan of the GCF**

The Board, having considered document GCF/B.12/06 titled “Report on the development of the draft Strategic Plan for the Green Climate Fund: Submission from the ad hoc group of Board/Alternate members”,

- (a) Endorses the Strategic Plan for the Green Climate Fund, which is a living document, as contained in annex I, as the initial GCF Strategic Plan to guide the Board in addressing policy gaps and programming the Fund’s resources of the Initial Resource Mobilization period between 2015 and 2018 and to invest the Fund’s resources in transformational climate actions in a country-driven manner;
- (b) Resolves to swiftly implement the Strategic Plan in order to meet the Board’s aspirational approvals target for 2016 and to scale up the Fund’s investments in ambitious climate action;
- (c) Requests the Secretariat, under the Co-Chairs’ guidance, to integrate the operational priorities and action plan included in the Strategic Plan in the Work Plan for 2016, and subsequent Work Plans;
- (d) Requests the Secretariat to take all steps necessary to implement the action plan in a gender-responsive manner, and report at each Board meeting<sup>1</sup> on progress achieved;
- (e) Notes that the implementation of the operational priorities and action plan will be guided by the Governing Instrument for the GCF, including the objective and principles laid out therein;
- (f) Requests the committees, panels and groups of the Board to include the actions outlined in the Strategic Plan in their respective deliberations and work programmes, as appropriate, throughout the Initial Resource Mobilization period, and to present these work programmes for consideration at the thirteenth meeting of the Board;
- (g) Acknowledges that the strategic priority matters as expressed by Board members during the discussion at the twelfth meeting of the Board, which will be recorded, will be considered in the course of the implementation of the Strategic Plan, and urges the Co-Chairs, committees, groups and panels, and the Secretariat to consider these matters;
- (h) Welcomes the decision reached at the twenty-first session of the Conference of the Parties that the GCF, as an operating entity of the Financial Mechanism of the Convention, will serve the Paris Agreement;
- (i) Requests the Secretariat to present, for consideration by the Board at its thirteenth meeting, a proposal on how the Fund could support the implementation of the Paris Agreement and related decisions of the Conference of the Parties; and
- (j) Decides to review the Fund’s Strategic Plan as part of each replenishment process with a view to revising the strategic vision, if and as needed, and to update the core operational priorities and underlying action plan for the coming replenishment cycle, taking into account evolving priorities, including guidance from the Conference of the Parties and relevant reports from the independent evaluation unit.

**Annex I: Initial Strategic Plan for the GCF**

1. Introduction

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<sup>1</sup> By decision 17/05 (d), the Board decided to amend decision B.12/20, paragraph (d), replacing “at each Board meeting” with the words “annually through a comprehensive status report”.

As an operating entity of the financial mechanism of the UNFCCC and of the Paris Agreement, and the largest multilateral climate fund, the GCF will promote 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.

In line with its responsibilities, the GCF Board has taken many important policy and operational decisions pursuant to its mandate as articulated in the Governing Instrument, including the adoption of the essential requirements for the Initial Resource Mobilization, and accreditation of national, regional and international entities. The actions of the Board have instilled confidence in the Fund, which was manifested in pledges amounting to US\$10.3 billion for the Initial Resource Mobilization (IRM), which secures financing for the 2015-2018 programming period. This allowed the Board to establish three pilot programmes amounting to up to USD 900 million at its 10th meeting, and approve the first funding proposals amounting to USD 168 million at its 11th meeting.

After the GCF's rapid operationalization, valuable opportunities remain to be seized and policy gaps and challenges remain to be addressed that would leverage the GCF's full potential. In this initial phase of operations, core challenges and priorities include programming the GCF's resources at scale while ensuring the highest level of transformational ambition and a robust reflection of the GCF's guiding principles throughout its operations. Seizing these opportunities and addressing remaining policy gaps and challenges is expected to be a continuous learning process.

Consequently, the Board has decided to set out a strategic plan to guide the GCF as a continuously learning institution with a view to achieving its overarching objectives outlined in the Governing Instrument. In that sense, the strategic plan will be reflected in the development of the GCF's work plans.

Furthermore, the strategic plan seeks to articulate to the world the vision and operational priorities of the GCF, thereby making it more accessible to countries and strengthening its partnerships with national designated authorities/focal points and accredited entities.

The draft strategic plan sets out the Board's strategic vision for the GCF, which extends beyond the IRM period, as well as core operational priorities for the IRM period, which are substantiated by an action plan. The action plan is to be implemented over the course of the IRM period, with its expected time frame of 2016-2018. It serves to address policy gaps and to invest the Fund's resources in transformational climate action in a country-driven manner. The action plan will be reflected in the Board's annual work plans throughout the remainder of the IRM period.

The GCF Board intends to review the strategic plan as part of each replenishment process with a view to revising the strategic vision if and as needed and to update the core operational priorities and underlying action plan for the coming replenishment cycle taking into account evolving priorities including COP guidance.

## 2. The Board's Strategic Vision for the GCF

### a. Promoting the paradigm shift towards low-emission and climate-resilient development pathways

The GCF will support developing countries in the implementation of the ambitious Paris Agreement, whose aim is to enhance the implementation of the UNFCCC including by holding the increase in the global average temperature to well below 2°C above pre-industrial levels and to pursue efforts to limit the temperature increase to 1.5 °C above pre-industrial levels, enhancing adaptive capacity and fostering resilience, and making finance flows consistent with a pathway towards low greenhouse gas emissions and climate-resilient development. Based on its mandate defined in the Governing Instrument, the GCF will do so by promoting a paradigm shift towards low-emission and climate-resilient development pathways in the context of sustainable development. The GCF is therefore challenged to turn this abstract vision into practice.

While this document doesn't strive to provide a further definition of the concept of paradigm shift, other than that already provided in the GCF's Initial Investment Framework, Board/Alternate members, in the Informal Board Dialogue, highlighted the following components as being important:

- financing **innovative projects and programmes**, inter alia supporting the application and dissemination of cutting-edge climate technologies, which are characterized by the **highest levels** of mitigation/adaptation ambition, that can be scaled-up and/or replicated or lead to fundamental changes in behaviours and/or investment patterns;
- **programming resources at scale** while seeking to maximize impact as well as achieve a **balanced allocation** between mitigation and adaptation activities and a particular focus on supporting those developing countries particularly vulnerable to the adverse impacts of climate change, including LDCs, SIDS and African States;
- ensuring **full country-ownership** through its operational modalities and by providing adequate support to build the required country capacity;
- ensuring **transparent and inclusive procedures** with respect to all GCF-related activities; and
- **crowding-in and maximizing the engagement of the private sector** in financing and implementing the paradigm shift towards low emission and climate resilient development pathways.

b. Supporting the implementation of the Paris Agreement within the evolving climate finance landscape

Developing countries' Intended Nationally Determined Contributions (INDCs) to the Paris Agreement are an important reference point for the Fund's programming, as are National Adaptation Plans of Action, National Action Plans, Technology Needs Assessments and Nationally Appropriate Mitigation Actions. The Fund will provide support in terms of finance, capacity building and technology transfer. By taking a holistic approach and by offering countries a menu of choices both in terms of delivery channels and instruments, the Fund is well placed for this task.

To achieve maximum impact, the GCF should build on its comparative advantages and operate in coherence with the existing climate finance institutions. These include its ability to:

- programme and manage financing at scale;
- engage in partnerships with both public and private actors at various levels;
- take on risks that other funds/institutions are not able or willing to take, including risks associated with deploying innovative climate technologies;
- pilot and potentially scale-up and replicate innovative approaches;
- deploy the full range of financial instruments at its disposal;
- leverage additional financial inputs from innovative and alternative sources; and
- leverage its status as an operating entity of the financial mechanism of the UNFCCC to set new standards with regard to country ownership, direct access and level of ambition impacting the global practice of climate finance beyond its immediate engagement.

3. Operational Priorities

After only its initial capitalization, the GCF is the largest dedicated multilateral climate fund with pledges amounting to US\$10.3 billion for the 2015-2018 programming period. Consequently, the Board has set an aspirational approval target of US\$2.5 billion for 2016. Furthermore, the Board has decided that it will initiate a formal replenishment process once the Fund's cumulative funding approvals exceed 60 per cent of the total contributions, confirmed by fully executed contribution agreements/arrangements, received during the IRM. The Board envisages that it is likely to occur by end-June 2017. These numbers exemplify the Fund's ambition and potential to support ambitious climate mitigation and adaptation action in developing countries at unprecedented scale. What is crucial, however, is that the Board's ambition to get the Fund off the ground and up to scale swiftly does not compromise on its ambition to promote cutting-edge innovation and real transformation towards the low-emission and climate-resilient future that the global community committed itself to in the Paris Agreement. Only by setting the highest standards in terms of ambition and country ownership, and by ensuring that the Fund's unique guiding principles are ingrained throughout its processes – including those within its accredited entities – from the very beginning, can the Fund make the strongest possible contribution.

Hence, core operational priorities particularly for the IRM period will be:

- (1) allowing the GCF to scale up its investments in developing countries with the objective of tapping its full potential to promote urgent and ambitious actions enhancing climate change adaptation and mitigation in the context of sustainable development;
- (2) maximizing its impact by supporting projects and programmes that are scalable, replicable and employ GCF resources in the most efficient manner by, inter alia, catalyzing climate finance at the international and national level, including by maximizing private sector engagement;
- (3) setting out the approach of the GCF to programming and investing the full amount pledged for the 2015-2018 programming period, while striving to maximize the impact of its funding for adaptation and mitigation, and to seek a balance between the two;
- (4) ensuring that the GCF is responsive to developing countries' needs and priorities including by enhancing country programming and direct access e.g. through enhanced support for accreditation of NIEs, ensuring fast disbursement, implementing a gender-sensitive approach, supporting multi-stakeholder engagement, ensuring the effective use of funds and enhancing transparency;
- (5) proactively communicating the GCF's ambition in terms of both scale and impact as well as its operational modalities with a view to enhancing predictability and facilitating access.

### 4. Action Plan

The action plan lists key strategic measures that the Board intends to promote. These serve to implement the operational priorities identified above<sup>2</sup>. Most measures contribute to the achievement of more than one operational priority.

#### A. Prioritizing Pipeline Development

Consistent with Board Decision B.08/13 (Annex XIX, Para 27), the Fund will develop a pipeline against the total amount of pledges. Prioritizing the development of a pipeline of country-driven, high-impact projects and programmes has the potential to scale up investment to achieve this goal and meet the aspirational goal of committing USD 2.5 billion in 2016, (2) allow for a more strategic approach to programming the Fund's financial resources to meet, among other things, the strategic objectives of the GCF as well as the replenishment trigger of committing 60 per cent of the total contributions, confirmed by fully executed contribution agreements/arrangements, received during the IRM and (3) enhance responsiveness to countries' needs and country ownership<sup>3</sup>.

Through its Readiness Programme and direct engagement with NDAs and AEs, the GCF has undertaken efforts towards further developing its pipeline. Additionally, once the project preparation facility agreed upon at B.11 is fully operational, Accredited Entities will be able to apply for funding of up to 10% of requested GCF funding and a maximum of US\$1.5 million for feasibility studies etc.

However, to meet its strategic goals and address the associated operational challenges, the GCF needs to significantly step-up its efforts and accelerate its pace to ensure that the pipeline meets the transformational ambition of the GCF. In this regard, the current GCF readiness support for developing countries must be significantly enhanced to establish and strengthen the capacity of their NDAs and NIEs and to prepare their country programmes. Against this background, supporting the development of a Fund-wide pipeline of transformational projects and programmes that meet the Fund's investment criteria and allow the GCF to scale up its investment commensurate with the resources available for the IRM period is of utmost importance. Hence, the Board intends to prioritize pipeline development by:

- providing enhanced readiness support<sup>4</sup> by
  - building on an analysis of (a) the shortcomings or bottlenecks of the current readiness activities, (b) readiness needs in developing countries and (c) best practice and lessons learned from current readiness activities to encourage peer to peer learning;
  - following a focus strategy to engage and support NDAs/FPs in developing country programmes, concept notes and funding proposals that have the potential to yield an impact at scale and contribute to the implementation of countries' priorities as identified in INDCs or other national strategies and plans.
  - facilitating and supporting a structured dialogue involving the Secretariat, NDAs, relevant AEs, and other country stakeholders, including the private sector, to develop country programmes and determine which priorities identified by country strategies (INDCs, LEDS, NAPAs, NAMAs, etc.) are the best match for GCF support. The structured dialogue will aim to help NDAs to identify the best AE and other partners and help them design programming that meets the investment criteria of the GCF.
  - offering NDAs a standardized template with questions guiding the development of country programmes;
  - allocating sufficient resources for the Readiness Programme and the respective Activity Areas; and
  - speeding up the disbursement of funds already approved under the Readiness Programme irrespective of the status of agreements with regard to P&I for GCF staff.
- proactively engaging in high-level consultations with NDAs/FPs and AEs related to the identification of national or regional priorities and programmes that meet the Fund's investment criteria;
- identifying opportunities for the GCF to add value by co-financing projects and programmes together with the GEF, the Adaptation Fund or Multilateral Development Banks. Particularly in the early stages of operations, this might be a way of scaling up quickly and capitalizing on and learning from the knowledge and experience of these institutions;
- making increased use of simplified RFPs aimed at the public and private sector in consultation with the NDAs/FPs targeting promising and innovative approaches ensuring that successful RFP proposals can demonstrate a viable path to accreditation and plan to ensure country ownership;
- developing replicable approaches and potentially standardized products that would allow proven approaches to be rapidly rolled out in new locations where they match priorities identified in consultation with NDAs/FPs; and

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<sup>2</sup> Note that many of these strategic items will be linked with other items on the Work Plan for 2016, and will be referenced throughout. The strategic plan will also be closely linked with the Accreditation Strategy and the Communications Strategy, both of which are scheduled for consideration at B.12, B.13 and B.14

<sup>3</sup> Approval of country ownership guidelines are scheduled for consideration at B.12

<sup>4</sup> Presentation of simplified process for readiness requests and review of the readiness allocation system are scheduled for consideration at B.12

- operationalizing results-based payments for REDD+ in line with COP guidance and the Governing Instrument, evaluating the implementation of results-based payments, and assessing its applicability to other sectors within the purview of the GCF.

### B. Strengthening the Fund's Proactive and Strategic Approach to Programming

Strengthening its proactive and strategic approach to programming is key to delivering country-driven and country-owned, high impact public and private sector proposals at scale on a meeting-by-meeting basis. In order to be able to do so, the Board and the Secretariat must gain a better understanding of the objectives of and funding requests from developing countries, the project and programme pipelines that NDAs/FPs and AEs are planning on submitting to the Fund, and remaining gaps that the Fund needs to address pro-actively.

In addition to triggering pipeline development, a proactive and strategic approach to programming also requires the Fund to retain capacity to identify key priorities, approaches, and themes, as it evolves and better understands where it can add value. In this regard, the GCF plans to:

- request all accredited entities to submit annual or multi-annual work programmes, prepared in consultation with NDAs/FPs. Accredited entities are encouraged to actively participate in the structured dialogues described in Section 4 (A) with a view to preparing future work programmes. These work programmes should be prepared based on a standard template to be provided by the Secretariat. They should identify and describe the projects, programmes and other activities, their indicative costs, and how they would be a good fit for the GCF, for each of the countries that the respective AE intends to assist. The Secretariat will then consolidate the annual work programmes into one document to be submitted to the Board for information and discussion. The Board will take this input into account for planning purposes. As these work programmes are non-conclusive, AEs may submit proposals, including in response to RFPs, which are not included in their work programmes.
- carry out a market survey of what is needed to support climate action (e.g., an analysis of those country priorities in which countries have the most difficulty attracting finance) and successes or innovative ideas that could be built upon. This would help identify areas where countries have struggled to mobilize finance and figure out how the GCF could address the relevant barriers, and how to develop its policies and expertise to do so. The survey could also help define GCF RFPs and replicable approaches/standard products in the future.

### C. Enhancing Accessibility and Predictability<sup>5</sup>

For those seeking GCF support for climate action in line with countries' needs and priorities as well as the Fund's investment framework, the Fund's resources should be accessible at reasonable up-front cost and low risk. In that sense, enhancing accessibility and predictability can make an important contribution to engaging a wide variety of stakeholders and to scale up investment.

Thus far, the GCF has made efforts to enhance predictability and accessibility through direct engagement with a wide range of stakeholders and broad presence and visibility in international fora, particularly the UNFCCC negotiations. Additionally, the Secretariat has directly engaged with NDAs and AEs with a view to further developing concept notes and funding proposals in line with the Fund's investment criteria. Furthermore, the GCF has taken steps to enhance stakeholders' understanding of the GCF's operations and processes through its updates to its website and by publishing the Elements booklet. Despite these efforts, the GCF's current pipeline demonstrates that many stakeholders are still hesitant to engage with the Fund. Thus, the GCF intends to

- strengthen its proactive and strategic approach to programming, thus enhancing predictability through a more transparent planning of its financial resources (cf. Section B).
- survey stakeholders including NDAs, AEs, other delivery organizations, PSOs and CSOs with a view to gain a better understanding of what the barriers for engagement are.
- signal more clearly what kinds of projects and programmes it is looking to finance. This requires providing improved and coherent guidance on the Fund's investment criteria, risk appetite, standards and processes to be published on the website and communicated through the Fund's communication channels and the Readiness Programme. Finalizing minimum benchmarks in line with decision B.09/05 can further serve to enhance predictability and accessibility to the Fund's resources.<sup>6</sup>
- streamline and, wherever appropriate, simplify its processes and templates particularly for micro-scale activities in LDCs and SIDS.
- revise the proposal approval process based on the review decided in B.11/11 and simplify proposal approval procedures as appropriate.

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<sup>5</sup> Approvals Process Review are scheduled for consideration at B.12 and B.13, and the further development of the initial proposal approval process are scheduled for consideration at B.13

<sup>6</sup> Indicative minimum benchmarks are scheduled for consideration at B.13

### D. Maximizing the Engagement of the Private Sector

To date, the GCF has established the Private Sector Facility, has accredited three private sector entities, decided to establish a MSME Pilot Programme worth up to US\$200m and a Private Sector focused Pilot Programme for Mobilizing Funds at Scale worth up to US\$500m, and it has approved two private sector proposals with a GCF funding volume of US\$ 47.

In order to tap the full potential of its unique features including the Private Sector Facility, the Board aims to crowd-in and maximize the engagement of the private sector at the national, regional and international level in financing and implementing the paradigm shift towards low emission and climate-resilient development pathways in line with developing country's needs and priorities. To this end, the GCF intends to:

- analyse barriers to crowding-in and maximizing the engagement of the private sector, including based on a survey amongst private sectors actors. Contingent on the findings of this analysis, the GCF intends to develop a private sector outreach plan.
- reconsider the extensive recommendations already provided by the PSAG, pertaining inter alia to the need to undertake actions to enhance the capacity within the Secretariat, to assess the accreditation procedures for private sector entities, to enhance private sector involvement within the readiness programme and to spell out the GCF's ability to reduce currency risks.

### E. Building Adequate Institutional Capabilities

In order to achieve its operational priorities, the GCF has to ensure adequate institutional capabilities. In this regard, the Board intends to

- further build and maintain a well-staffed Secretariat<sup>7</sup> that can deliver all of its functions as provided in the GI, including risk management, monitoring and accountability<sup>8</sup>, readiness, managing RFPs, and the project preparation facility<sup>9</sup>. The GCF will strive to attract and retain the high levels of expertise required to carry out GCF operations and retain institutional knowledge over time;
- improve the efficiency of the Board's processes, including decision-making related to funding proposals. Considerations include the implementation of simplified procedures for approvals or the delegation of funding-decisions for certain kinds of proposals, as well as by mandating a committee to present recommendations on funding proposals to the Board;
- finalize the operationalization of the three independent accountability units, including providing sufficient staff and resources to carry out their duties<sup>10</sup>;
- review the role and structure of panels and groups that provide independent advice to the Board to ensure that they remain complementary to the role of the Secretariat, while also ensuring that Panels and Groups have the necessary resources and expertise to complete their duties to the highest level<sup>11</sup>;
- strengthen the role of NDAs by providing sustained support through the Readiness Programme and facilitate the dialogue between NDAs and AEs by more closely defining their respective roles (including vis-à-vis the Fund) and by offering a platform for knowledge sharing and a marketplace for ideas; and
- assess whether the role of the interim trustee should be enhanced to facilitate the administrative execution of funding decisions.

### 5. Process for the implementation/further development/revision/update of the Strategic Plan

The strategic plan for the GCF is a living document, which the Board intends to review as part of each replenishment process taking into account evolving priorities including COP guidance. The strategic plan will be reflected in the GCF Work Plans by providing high level strategic guidance on how individual items can better contribute to the overall objectives of the GCF, and on whether any course corrections are needed.

Hence, to ensure the successful implementation of the strategic plan, the Board intends to consider the operational priorities and action plan included in this document when considering the related agenda items included in the Work Plan for 2016, and subsequent Work Plans. Linkages between the strategic plan and the 2016 Work Plan are referenced in footnotes throughout this document and include the accreditation and communications strategy, the Readiness Programme, the approvals process, the investment framework, the risk management framework, independent accountability units, GCF groups and panels, and staffing.

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<sup>7</sup> Approval of updated administrative budget and staffing as a decision in between meetings (B.11-B.12)

<sup>8</sup> Further development of some indicators in the PMF are scheduled for consideration at B.12 and Adopt ToR for the independent evaluation of the Readiness and Preparatory Support Programme are scheduled for consideration at B.14

<sup>9</sup> Review of the Project Preparation Facility are scheduled for consideration at B.14

<sup>10</sup> Appointment of the Heads of the Independent Accountability Units including performance based Contracts are scheduled for consideration at B.12 (progress report) and B.13, and Interim Redress Mechanism are scheduled for consideration at B.12 and B.14

<sup>11</sup> Approve ToR for the Review of ITAP are scheduled for consideration at B.13 and Review of ITAP are scheduled for consideration at B.14, Approval of ToR for the Budget Committee, and election of members are scheduled for consideration at B.12, and Adopt ToRs and initiate the review of the Committees and Groups are scheduled for consideration at B.14

As the strategic plan, particularly the operational priorities, is further updated and revised based on operational experience, new elements may need to be considered by the Board. The strategic plan will be used as a tool to identify such elements, to enable their inclusion in the relevant annual Work Plan.

**DECISION B.BM-2015/11: Ad-hoc group for the Strategic Plan for the GCF**

The Board following on decision B.11/03 (d) and having reviewed document GCF/BM-2015/13 titled “Appointment of members to the ad hoc group for the Strategic Plan for the Green Climate Fund”:

- (a) Appoints as members of the ad hoc group for the Strategic Plan for the Green Climate Fund:
  - (i) Mr. Amjad Abdulla;
  - (ii) Mr. Omar El-Arini;
  - (iii) Mr. Henrik Harboe;
  - (iv) Mr. Leonardo Martinez-Diaz;
  - (v) Mr. Karsten Sach; and
  - (vi) Mr. Christian Salas.
- (b) Decides that the ad hoc group for the Strategic Plan for the Green Climate Fund shall function until the earlier of:
  - (i) The twelfth meeting of the Board having ended; and
  - (ii) The Board having decided to terminate the ad hoc group.

**DECISION B.11/03: Development of the Strategic Plan of the GCF**

The Board, having considered document GCF/B.11/Inf.07/Rev.01 titled “Strategic plan for the Green Climate Fund (progress report)”:

- (a) Takes note of the submissions made by Board members and constituencies (document GCF/B.11/Inf.07/Rev.01) as requested by decision B.10/14;
- (b) Notes convergence on the importance and need to set out a strategic plan for the Green Climate Fund (GCF) in order to further operationalize the Governing Instrument for the GCF and guide the GCF as a continuously learning institution in further developing its operational modalities, with a view to achieving its overarching objective to promote the paradigm shift towards low-emission and climate-resilient development pathways in the context of sustainable development;
- (c) Also notes convergence that the strategic plan should:
  - (i) Be guided by the Governing Instrument and the objectives and guiding principles laid out therein, including the arrangements with the Conference of the Parties to the United Nations Framework Convention on Climate Change, as per decision GCF/B.05/16, as well as build on the progress already made through previous Board decisions;
  - (ii) Be a living document to be reviewed and updated on a regular basis, as determined by the Board;
  - (iii) Clearly articulate to the world the vision and operational priorities of the GCF, thereby making it more accessible to countries and strengthening its partnerships with national designated authorities/focal points and accredited entities;
  - (iv) Identify opportunities, policy gaps and challenges in operationalizing these objectives and guiding principles;
  - (v) Present an action plan for the implementation of strategic measures to address these opportunities, gaps and challenges in order to strengthen the GCF as the distinctly transformational, high-impact, country-owned, dedicated climate fund, operating at scale; and

- (vi) With regard to the strategic measures referred to in paragraph (c) (v) above, place a particular focus on:
  - 1. Allowing the GCF to scale up its investments in developing countries with the objective of tapping its full potential to promote urgent and ambitious actions enhancing climate change adaptation and mitigation in the context of sustainable development, and to maximize engagement with the private sector;
  - 2. Setting out the approach of the GCF to programming and investing the Initial Resource Mobilization resources, while striving to maximize the impact of its funding for adaptation and mitigation, and seek a balance between the two;
  - 3. Ensuring that the GCF is responsive to developing country needs and priorities, while ensuring country ownership, enhancing direct access, ensuring fast disbursement, implementing a gender-sensitive approach, supporting multi-stakeholder engagement, ensuring the effective use of funds and enhancing transparency;
- (d) Decides to establish an ad hoc group of members of the Board/alternate members of the Board consisting of three developing country members (Mr. Omar El-Arini, two additional names to be added) and three developed country members (Mr. Henrik Harboe, Mr. Leonardo Martinez-Diaz, and Mr. Karsten Sach) to oversee and guide the Secretariat's preparation of the strategic plan;
- (e) Requests the Secretariat to facilitate the work of the ad hoc group;
- (f) Also requests the ad hoc group of members to base their deliberations in particular on the submissions made by members and the comments made at the eleventh meeting of the Board and to ensure an inclusive engagement process with all Board/alternate members;
- (g) Invites members of the Board/alternate members of the Board, active observers and observer organizations to make submissions to the Secretariat on the elements contained in paragraph (c) above by 1 December 2015;
- (h) Requests the Secretariat to publish all submissions on the GCF website;
- (i) Decides to hold an informal meeting of the Board open to active observers well before the twelfth meeting of the Board that would address the strategic plan as one of the key issues for its consideration, and requests the ad hoc group to present an initial draft and guiding questions requiring further consideration by the Board as input to the informal discussions of the Board. In this regard, the Board requests the Secretariat to make the necessary arrangements; and
- (j) Requests the Secretariat, under the direction and guidance of the ad hoc group of members of the Board/alternate members of the Board, to present a strategic plan for the GCF for consideration and possible approval by the Board at its twelfth meeting.

**DECISION B.10/14: Development of Strategic Plan of the GCF**

The Board, having considered agenda item 26 "Strategic plan for the Fund" of document GCF/B.10/01/Rev.01 Agenda:

Invites members of the Board to send inputs to the Secretariat by 31 July 2015, in order for the Secretariat to produce a progress report on the strategic plan for consideration by the Board at its eleventh meeting.

## CHAPTER VI. OPERATION OF THE BOARD

### \*RULES OF PROCEDURE

#### I. Applicability

1. These rules of procedure shall apply to the conduct of business of the Board of the Green Climate Fund and mutatis mutandis, and except as decided otherwise by the Board, to committees and subcommittees, panels and working groups established by the Board.

#### II. Definitions

2. For the purpose of these rules:

- (a) "Active observer" means the two civil society representatives and the two private sector representatives invited to participate in Board meetings as active observers;
- (b) "Adviser" means an expert providing advice to a member and/or alternate member during or in connection with Board meetings;
- (c) "Alternate member" or "alternate members" means, as the case may be, any of the 24 alternate members of the Board, or more than one of them, or all alternate members;
- (d) "Board" means the Board of the Fund;
- (e) "Board member" or "Board members" means, as the case may be, any of the 24 members sitting on the Board, or more than one of them, or all members;
- (f) "Co-Chair" means either one of the two Co-Chairs elected by the Board;
- (g) "Committee" or "committees" means, as the case may be, any standing committee(s) or any other ad hoc committee(s) or subcommittee(s) established by the Board;
- (h) "Convention" means the United Nations Framework Convention on Climate Change adopted in 1992, which entered into force on 21 March 1994;
- (i) "COP" means the Conference of the Parties to the Convention;
- (j) "Executive Director" means the Executive Director heading the Secretariat and appointed by and accountable to the Board;
- (k) "Fund" means the Green Climate Fund (COP decisions 1/CP.16 and 3/CP.17 refer);
- (l) "Governing Instrument" means the Governing Instrument for the Green Climate Fund annexed to COP decision 3/CP.17;
- (m) "Meeting" means any meeting of the Board, and may include meetings conducted by way of videoconference, teleconference or net-meeting;
- (n) "Observer" or "observers" means, as the case may be, any representative(s) of a State, organization, or other entity accredited to participate in Board meetings as observer(s);
- (o) "Panel" or "panels" means, as the case may be, any group or groups of technical experts or other experts established by the Board to assist the Board in its work;
- (p) "Secretariat" means the Secretariat referred to in the Governing Instrument and, until the establishment of the Secretariat, the Interim Secretariat; and
- (q) "Trustee" means the Trustee referred to in the Governing Instrument and, until the selection of the Trustee, the Interim Trustee.

III. Composition, selection and term of Board members and alternate members

3.1 Selection of Board Members and Alternate Members

Paragraphs 9 to 12 of the Governing Instrument provide:

1. Composition

9. The Board will have 24 members, composed of an equal number of members from developing and developed country Parties. Representation from developing country Parties will include representatives of relevant United Nations regional groupings and representatives from small island developing States (SIDS) and least developed countries (LDCs).

10. Each Board member will have an alternate member, with alternate members entitled to participate in the meetings of the Board only through the principal member, without the right to vote, unless they are serving as the member. During the absence of the member from all or part of a meeting of the Board, his or her alternate will serve as the member.

2. Selection of Board members

11. The members of the Board and their alternates will be selected by their respective constituency or regional group within a constituency. Members of the Board will have the necessary experience and skills, notably in the areas of climate change and development finance, with due consideration given to gender balance.

3. Term of membership

12. Members and alternate members will serve for a term of three years and be eligible to serve additional terms as determined by their constituency.

DECISION B.12/36 (a) and (b):

Term of Board Membership

The Board, having reviewed the document GCF/B.12/25/Rev.01 titled "Term of Board Membership",

- (a) Decides that the terms for members and alternate members of the Board are to be aligned to the calendar year;
- (b) Also decides, on an exceptional basis, without setting a precedent and for practical and pragmatic reasons only, that the current term for members and alternate members of the Board will end on 31 December 2018 and that the next term for members and alternate members of the Board will start on 1 January 2019;

3. Representation on the Board from developing country Parties will include:

- (a) Three members and alternate members from the Asia-Pacific States;
- (b) Three members and alternate members from the African States;
- (c) Three members and alternate members from the Latin American and the Caribbean States;
- (d) One member and alternate member from small island developing States;
- (e) One member and alternate member from least developed country Parties; and
- (f) One member from developing country Parties not included in the regional groups and constituencies above; and one alternate member to rotate between developing country Parties included in the groups and constituencies listed above.

## Chapter VI: Operation of the Board

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### 3.2 Vacancies

4. For each new term, pursuant to paragraph 11 of the Governing Instrument, the selection and notification to the Secretariat of the Board member or alternate member shall be made by the developed or developing country Party or group of these that the Board member or alternate member represents as determined by the constituency in the case of the developed country Parties, or by his or her respective regional group consistent with paragraph 3 above in the case of the developing country Parties.
5. Any replacement of the Board member or alternate member within a term shall be made and notified to the Secretariat by the developed or developing country Party or group of these that selected the Board member or alternate member. Any such replacement shall hold the position for the remainder of the unexpired term.
6. Notification shall take place through prompt communication to the Secretariat in writing of the names and contact details of the Board members and alternate members selected pursuant to paragraphs 4 and 5 above, as well as the effective date of any replacement.

## IV. Co-Chairs

### 4.1 Election of the Co-Chairs

Paragraph 13 of the Governing Instrument provides:

#### 4. Chairmanship

13. Two Co-Chairs of the Board will be elected by the Board members from within their membership to serve for a period of one year, with one being a member from a developed country Party and the other being a member from a developing country Party.

- 7.1 The term of the two Co-Chairs is for one year starting on 1 January of the calendar year immediately following their election by the Board. They shall continue their functions until the term of their successors has commenced or, if later, once they have been elected
8. In the event that one Co-Chair or both Co-Chairs are unable to attend a Board meeting, the Board shall elect (an) other Board member(s) to assume the functions of Co-Chair(s) for the duration of the meeting.
9. Where one Co-Chair or both Co-Chairs are unable to attend two or more consecutive Board meetings, the Board shall elect (a) new Co-Chair(s) for the remainder of the term of the predecessor(s).

Decision B.02-12/02 provides:

If a Board member is elected as Co-Chair, that member may request his/her alternate member to express the respective constituency's or regional group's viewpoint in deliberations. However, the Board member retains the right to vote if a formal vote is called.

### 4.2 Duties of the Co-Chairs in the Conduct of Business

10. In carrying out their function as Co-Chair, the Co-Chairs shall be guided by the best interests of the Fund.
11. The Co-Chairs shall share and allocate between themselves responsibility for chairing Board meetings.
12. The Co-Chairs will be responsible for the opening, conduct, suspension and adjournment of the meeting and for dealing with all procedural matters, including, but not limited to, issues regarding formal decision-making procedures, putting questions to a vote if consensus is not

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<sup>1</sup> As modified by Decision 12/36(f) of the Twelfth Meeting of the Board.

reached, and announcing the results of any formal votes taken, and according the right to speak. They are responsible for ensuring the observance of the rules of procedure of the Board and adherence to the agenda. The Co-Chairs will rule on points of order and any such determination will be final unless a Board member objects. In that case, the Board will consider the course of action to be taken.

13. Before the end of each Board meeting, the Co-Chairs will present a draft report of the meeting containing the decisions of the meeting, for consideration and approval by the Board.

14. The Co-Chairs may represent the Board at external meetings and report back to the Board on those meetings. They may delegate that function acting jointly.

### V. Meetings

#### 5.1 Frequency and location

15. The Board will meet in person at least twice every year at the seat of the Secretariat or at an alternative location agreed by the Board.

16. If a regular Board meeting cannot be held in person as scheduled or if in the case of an extraordinary meeting exceptional circumstances so warrant, Board meetings may be held by way of videoconference, teleconference or net-meeting.

17. At each meeting, the Board will confirm the date and duration of the following meeting.

#### 5.2 Notification of Meetings

18. The Secretariat will notify Board members, alternate members and accredited observer organizations and active observers of the dates and venue of the meetings and circulate a provisional agenda for any meeting at least 30 calendar days before the first day of the meeting. A notification will also be posted on the Fund's website. In the case of an extraordinary meeting, the Co-Chairs, acting jointly, shall determine the date by which notification to the Board members has to be made, taking into account the urgency of the matter.

#### 5.3 Agenda for Meetings

19. The Secretariat will, with the approval of the Co-Chairs, prepare and distribute the provisional agenda for each meeting.

20. The Board will, at the beginning of each meeting, adopt the agenda for the meeting.

#### 5.4 Transmittal of documents

21. The Secretariat will transmit to Board members and alternate members the documentation relating to items on the provisional agenda at least 21 calendar days before the first day of the meeting scheduled, except in case of extraordinary meetings and in exceptional circumstances where, in the view of the Co-Chairs, a shorter period for the transmission of documentation is warranted. In any such cases, the Co-Chairs, acting jointly, shall determine the date by which the said documentation has to be transmitted.

22. The Secretariat may use electronic means for transmission, distribution and storage of documentation, without prejudice to other means of circulation of documentation.

23. Comments of Board members on Board meeting documents shall be transmitted promptly by the Secretariat to all Board members and alternate members.

24. Board meeting documents will be posted on the website of the Fund on the same day they are released to Board members, except for Board documents classified as confidential, or as the Board may provide. The Board will determine criteria for the classification of Board meeting documents as confidential.

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### 5.5 Attendance

25. In addition to Board members and alternate members, meetings of the Board, other than executive sessions, will be open to attendance by designated advisers of Board members and alternate members, Secretariat staff, representatives of the Trustee, active observers and other observers who have been accredited for participation in the meeting.
26. At the invitation of the Board, representatives of relevant thematic bodies under the Convention, and/or other funds dealing with climate change, may attend Board meetings.

### 5.6 Quorum

Paragraph 15 of the Governing Instrument provides:

#### 6. Quorum

15. A two-thirds majority of Board members must be present at a meeting to constitute a quorum.

27. The existence of a quorum will be verified by the Co-Chairs at the beginning of the meeting and at the time of the adoption of any decision at the meeting, as well as at the time of adoption of the meeting report, and at the request of a Board member.

### 5.7 Executive Sessions

28. In exceptional circumstances, the Board may conduct its business in closed executive session where, unless decided otherwise by the Board, only Board members and alternate members, the Executive Director, advisers, and such other persons authorized or requested by the Board to attend, may be present.

### 5.8 Extraordinary Board Meetings

29. Extraordinary meetings of the Board can be convened to address extraordinary circumstances. The Board shall develop policies and guidelines for convening extraordinary meetings which will be annexed to these additional rules of procedure.

### 5.9 Committees, Panels and Groups

30. The Board may establish such committees from among its members and/or alternate members, and such panels as may be required for the conduct of its business.
31. Committees shall assist the Board in its decision-making, and shall exercise any delegated authority under the overall authority and direction of the Board, which may revoke such delegated authority under the same procedures in place for the original delegation of authority. Except for standing committees, all committees established ad hoc should have a clearly defined timeline and end date, related to the execution of its functions and should be subject to review at regular intervals.
32. The Board may establish, on permanent or temporary basis, technical and expert panels to assist it in the performance of its functions. Technical or expert panels may include but need not be limited to Board members and alternate members. They generally shall have advisory functions only.

### 5.10 Language

33. The working language of Board will be English. The Board may authorize or facilitate for Board members in individual cases, if requested by a Board member in advance of a meeting, the interpretation of Board meetings in one or more of the six United Nations languages.
34. Documents for the meetings will be provided in English. The Board may decide, in accordance with applicable rules and regulations, to translate certain documents in other languages.

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### 5.11 Arrangements for Meetings

35. The Secretariat shall make all arrangements for the meetings of the Board under the guidance of the Co-Chairs.

### 5.12 Maintaining permanent records of Meetings

36. The Board will decide, in accordance with applicable policies and relevant rules and procedures, to what extent the records of Board proceedings will be made public. Any records of the Board and/or recordings of proceedings of each meeting will be kept by the Secretariat on behalf of the Board in accordance with applicable policies and relevant rules and procedures.

The Board by Decision B.04/10 (g):

Decided that full, non-executive sessions of the Board will be subject to recording and those recordings will be made available on the website of the Fund, through registration only, within three weeks of each Board meeting, and to review the matter in light of experience gained and the usage statistics of the service.

## VI. Observers

Paragraph 16 of the Governing Instrument provides:

### 7. Observers

16. The Board will make arrangements, including developing and operating accreditation processes, to allow for effective participation by accredited observers in its meetings. The Board will invite, to participate as active observers: two civil society representatives, one each from developing and developed countries, and two private sector representatives, one each from developing and developed countries.

37. The Co-Chairs, acting jointly and in consultation with the Board, will invite to participate as active observers, two civil society representatives, one each from a developing and developed country; and two private sector representatives, one each from a developing and a developed country. Active observers may, upon invitation of the Co-Chairs, participate in the proceedings of the Board.

38. The Co-Chairs, acting jointly, and in consultation with the Board, may invite other observers and/or experts to any Board meeting. Observers may be representatives of:

- (a) States that are Party or observer State to the Convention;
- (b) International entities, including United Nations agencies, multilateral development banks, international financial institutions and regional institutions; and
- (c) Non-governmental organizations (NGOs), comprised of:
  - (i) Civil society organizations (CSOs): any independent non-profit organizations, including international as well as national and community-based organizations; and
  - (ii) Private sector organizations (PSOs): any private companies and business associations with operations that deal with climate change mitigation and/or adaptation activities, including in developing countries.

39. The procedures for the selection of active observers and the accreditation of observer organizations will be contained in the guidelines approved by the Board.

40. Active observers will receive, in accordance with the applicable rules and procedures, all Board meeting documents, except documents classified as confidential or as the Board may provide.

**VII. Decision-making and voting**

Paragraph 14 of the Governing Instrument provides:

5. Decision-making

14. Decisions of the Board will be taken by consensus of the Board members. The Board will develop procedures for adopting decisions in the event that all efforts at reaching consensus have been exhausted.

41. Decisions without a Board meeting may occur on an extraordinary basis when in the judgment of both Co-Chairs, a decision must be taken by the Board that should not be postponed to the next Board meeting. The Secretariat, with the approval of the Co-Chairs, shall transmit to Board members and alternate members a proposed decision with the invitation to approve the decision on a non-objection basis. Notwithstanding the provisions set forth in paragraph 29 above, in between Board meetings, the Secretariat, after approval of the Co-Chairs, may transmit to Board members a proposed decision with an invitation to approve the decision within a prescribed period (generally 21 days but in urgent cases no less than one week), on a no-objection basis. Copies of such proposal shall be provided to the active observers for their information, unless otherwise determined by the Board.

42. The provisions on quorum and other rules set forth in these additional rules of procedure shall apply mutatis mutandis to the aforementioned procedure. The Board will adopt guidelines to determine in which cases decisions without a Board meeting may be requested. Prior to the adoption of such guidelines, the Co-Chairs will determine on a case-by-case basis which decisions may be requested without a Board meeting.

43. At the expiration of the period prescribed for replies, the decision will be deemed approved unless there is an objection. If an objection has been received, the Co-Chairs will work through the objection with the Board member directly. If the objecting Board member upholds his/her objection following discussion with the Co-Chairs, the proposed decision will be considered by the Board at the following meeting. The Secretariat shall circulate all written comments and objections to Board members and alternate members and notify all the Board members and alternate members of the action taken pursuant to this paragraph.

44. Decisions approved in-between meetings shall be recorded in the report of the following Board meeting.

**VIII. Confidentiality and conflict of interest**

45. Board members, alternate members, and active observers are required to adhere to the Fund's policies and standards on ethics and conflict of interest.

46. At each meeting, Board members and alternate members will disclose any conflict of interest they may have in relation to any items on the agenda.

47. Board members and alternate members will recuse themselves from participating in any decision regarding a project and/or involving an entity with respect to which they have a conflict of interest as defined in the standards on ethics and conflict of interest.

48. Active observers who participate in Board meetings shall also disclose any conflict of interest they may have in relation to any items on the agenda and recuse themselves from participating in the proceedings of that item.

**IX. Amendments**

49. The additional rules of procedure, except for those that reproduce provisions from the Governing Instrument, may be amended by the Board pursuant to the rules set out under Chapter VII above.

### **X. Overriding authority of the Governing Instrument**

50. In the event of any conflict between any provision of these rules and any provisions of the Governing Instrument, the provisions of the Governing Instrument shall prevail.

### **DECISION B.BM-2018/07: Modalities for the qualitative and quantitative review of the live webcasting service for formal meetings of the Board**

The Board, having considered document GCF/BM-2018/08 titled “Modalities for the qualitative and quantitative review of the live webcasting service for formal meetings of the Board”:

- (a) Approves the qualitative and quantitative modalities for the review of the live webcasting service for formal meetings of the Board as contained in annex I; and
- (b) Decides that, no later than the twenty-first meeting of the Board, the Board will consider the review of the live webcasting service for formal meetings of the Board.

#### **Annex I: Proposed modalities for the qualitative and quantitative review of the live webcasting service for formal Board meetings**

##### **I. Modality for the qualitative review**

1. The qualitative review to be conducted by the Secretariat will be based on the results of an online survey, which includes the views of those who have accessed the service as per decision B.12/35, paragraph (e). The online survey is proposed to have the following features:
  - (a) The survey period will run for one month;
  - (b) The respondents for the survey will cover four specific focus groups closely affiliated with the daily business operations of GCF, based on the composition at the time of the survey, including: Board members and alternate Board members, national designated authorities, accredited entities, and accredited observer organizations (i.e. civil society organizations, private sector organizations, and international entities);
  - (c) The respondents will be requested via email to complete a set number of closed, multiple-choice and open-ended questions through an online survey software tool; and
  - (d) Responses to the survey may be collected directly or through focal points.
2. The results of the survey will be converted to statistical information with an exception for the responses to the open-ended questions if such conversion is not feasible.

##### **II. Two modalities for the quantitative review**

3. The quantitative review will include data regarding the costs involved in the webcasting service, which is identified in decision B.12/35, paragraph (e).
4. Aside from the costs, the quantitative review will include aggregated and anonymized data regarding usage statistics to be obtained from the webcast service provider. Usage statistics will provide other useful information to assess the service as required under decision B.12/35, paragraph (e). Usage statistics will cover the number of visits, including the regional composition of usage (i.e. Africa, Asia, Central America, Europe, North America, Oceania and South America).

##### **III. General provisions on modalities**

5. Notwithstanding the use of qualitative and quantitative research methods, a holistic approach will be employed in arriving at the Secretariat’s recommendation regarding the live webcasting service for the Board’s consideration.
6. For comparison, data regarding the on-demand webcasting service provided at formal Board meetings may be considered to the extent relevant.
7. The scope of the review will cover seven consecutive Board meeting periods (B.13 to B.19).

**DECISION B.12/36: Term of Board Membership**

The Board, having reviewed the document GCF/B.12/25/Rev.01 titled “Term of Board Membership”,

- (a) Decides that the terms for members and alternate members of the Board are to be aligned to the calendar year;
- (b) Also decides, on an exceptional basis, without setting a precedent and for practical and pragmatic reasons only, that the current term for members and alternate members of the Board will end on 31 December 2018 and that the next term for members and alternate members of the Board will start on 1 January 2019;
- (c) Decides that the term of membership for members and alternate members of the Board appointed to the Accreditation Committee, the Investment Committee, the Risk Management Committee and the Private Sector Advisory Group will be three years;
- (d) Also decides, on an exceptional basis, without setting a precedent and for practical and pragmatic reasons only, that the current term of membership for the committees and groups referred to in paragraph (c) above and the Budget Committee established pursuant to decision B.12/37 will end on 31 December 2018;
- (e) Further decides that the current two-year term for the representatives of the active observers from civil society organizations and private sector organizations formally commenced on 1 January 2016 and will end on 31 December 2017;
- (f) Decides to delete the text contained in Rule 7 of the Rules of Procedure of the Board and replace it with the following:  
  
“The term of the two Co-Chairs is for one year starting on 1 January of the calendar year immediately following their election by the Board. They shall continue their functions until the term of their successors has commenced or, if later, once they have been elected”; and
- (g) Requests the Secretariat to publish the revised consolidated Rules of Procedure of the Board on the GCF website.

**DECISION B.10/16: Further consideration of the initial term of Board Membership**

The Board, having reviewed document GCF/B.10/14 Further Consideration of the Initial Term of Board Membership:

- (a) Decides that:
  - (i) Members and alternate members of the Board whose terms expire on 23 August 2015 shall continue in their functions until their successors have been selected;
  - (ii) Members and alternate members of the Board serving in the capacity of members of the Accreditation Committee, the Risk Management Committee, the Investment Committee and the Private Sector Advisory Group, whose terms expire in 2015 shall continue in their functions until their successors have been selected;
  - (iii) Representatives of the active observers from accredited civil society organizations and private sector organizations whose terms expire in 2015 shall continue in their functions until their successors have been selected; and
  - (iv) All of the above are subject to no person continuing in his/her function as part of the initial term after 31 December 2015 or changing the cycle of the terms; and
- (b) Requests the Secretariat to further consider the possibility of aligning the term of Board membership to the calendar year and to report back to the Board at its twelfth session.

**DECISION B.09/12: Initial term of Board Membership**

The Board, having taken note of the information presented in document GCF/B.09/20 Initial Term of Board Membership:

- (a) Takes note that the initial terms for members and alternate members of the Board expire on 23 August 2015;
- (b) Affirms that the following principles should apply if successors to the current members and alternate members of the Board or to active observers, as the case may be, are not selected by 23 August 2015:
  - (i) Members and alternate members of the Board whose terms expire on 23 August 2015 shall continue their functions until their successors have been selected;
  - (ii) Members and alternate members of the Board serving in the capacity of members of the Accreditation Committee, the Risk Management Committee, the Investment Committee and the Private Sector Advisory Group whose terms expire in 2015 shall continue their functions until their successors have been selected;
  - (iii) Representatives from the active observers from accredited civil society organizations and private sector organizations whose terms expire in 2015 shall continue their functions until their successors have been selected; and
  - (iv) Successors are expected to be selected not later than 31 December 2015.
- (c) Requests the Secretariat to convey the principles set out in paragraph (b) above to all Parties to the United Nations Framework Convention on Climate Change;
- (d) Decides to consider further the principles set out in paragraph (b) above at its tenth meeting.

**DECISION B.07/12: Representation of Board membership**

The Board at its Seventh Meeting:

Decides to consider the representation of Board Membership at its eighth meeting.

**\*DECISION B.04/11: Additional rules of procedure - Guidelines on participation and conduct of advisors in Board meetings**

The Board at its Fourth Meeting, having reviewed document GCF/B.04./11, Participation of Advisers in Board Proceedings,

- (a) Adopted the Guidelines on the participation and conduct of advisers in Board meetings as set out in Annex I to this document;
- (b) Requested the Interim Secretariat to publish the Guidelines on the Fund's website;
- (c) Decided to implement Option 2 as presented in paragraph 18 of document GCF/B.04/11 ('Funding would be provided from the administrative budget of the Fund for the travel costs associated with Board meetings of one designated adviser per eligible developing country Board member and alternate member') as the basis for providing funding for the participation of adviser travel to meetings of the Board until the adoption of the Fund's overall travel policy, and requested the Interim Secretariat to reflect this in the Fund's overall travel policy.

Annex I: Guidelines on the participation and conduct of advisers in Board meetings

**I. Designation and attendance of advisers at Board meetings**

1. Paragraph 2 (b) of the Rules of Procedure defines an "Adviser" as follows:

"2 (b) "Adviser" means an expert providing advice to a member and/or alternate member during or in connection with Board meetings;"

Moreover, paragraphs 25 and 28 of the Rules of Procedure state that:

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“25. In addition to Board members and alternate members, meetings of the Board, other than executive sessions, will be open to attendance by designated advisers of Board members and alternate members, Secretariat staff, representatives of the Trustee, active observers and other observers who have been accredited for participation in the meeting.”

“28. In exceptional circumstances, the Board may conduct its business in closed executive session where, unless decided otherwise by the Board, only Board members and alternate members, the Executive Director, advisers, and such other persons authorized or requested by the Board to attend, may be present.”

2. Seating for advisers will be provided behind the alternate member or, in the case of no attendance by the alternate member, behind the Board member.

3. One adviser per Board and alternate member will be allowed in the Board meeting room to observe Board proceedings at any one time.

### II. Representation of advisers in committees, sub-committees, panels and working groups

4. Paragraphs 1 and 30-32 of the Rules of Procedure define the composition of Board committees, sub-committees, panels and working groups:

“1. These rules of procedure shall apply to the conduct of business of the Board of the Green Climate Fund and mutatis mutandis, and except as decided otherwise by the Board, to committees and subcommittees, panels and working groups established by the Board.”

“30. The Board may establish such committees from among its members and/or alternate members, and such panels as may be required for the conduct of its business.

31. Committees shall assist the Board in its decision-making, and shall exercise any delegated authority under the overall authority and direction of the Board, which may revoke such delegated authority under the same procedures in place for the original delegation of authority. Except for standing committees, all committees established ad hoc should have a clearly defined timeline and end date, related to the execution of its functions and should be subject to review at regular intervals.

32. The Board may establish, on permanent or temporary basis, technical and expert panels to assist it in the performance of its functions. Technical or expert panels may include but need not be limited to Board members and alternate members. They generally shall have advisory functions only.”

5. In accordance with these provisions, advisers may be appointed to technical and expert panels established by the Board provided that they are eminent specialists in a given field, but may not form part of Board committees and sub-committees. The Rules of Procedure do not contain any provision on the composition of working groups. Thus, the Board may decide, if circumstances so warrant, to include advisers in working groups.

### III. Conduct of advisers

6. Board members and alternate members are accountable for the conduct of their respective adviser/s during, and in connection with, Board meetings.

7. The Rules of Procedure, in paragraphs 18 and 21, only refer to Board members and alternate members in relation to notification of meeting and transmittal of documents:

“18. The Secretariat will notify Board members, alternate members and accredited observer organizations and active observers of the dates and venue of the meetings and circulate a provisional agenda for any meeting at least 30 calendar days before the first day of the meeting. A notification will also be posted on the Fund’s website. In the case of an extraordinary meeting, the Co-Chairs, acting jointly, shall determine the date by which notification to the Board members has to be made, taking into account the urgency of the matter.”

“21. The Secretariat will transmit to Board members and alternate members the documentation relating to items on the provisional agenda at least 21 calendar days before the first day of the meeting scheduled, except in case of extraordinary meetings and in exceptional circumstances where, in the view of the Co-Chairs, a shorter period for the transmission of documentation is warranted. In any such cases, the Co-Chairs, acting jointly, shall determine the date by which the said documentation has to be transmitted.”

8. Each Board member or alternate member will decide whether to provide their adviser/s access to documents or information, except for documents that are confidential and expressly restricted to Board members and alternate members.

### **DECISION B.04/10: Additional Rules of Procedure/Information disclosure including Webcasting**

The Board at its Fourth Meeting, having reviewed document GCF/B.04/10 Information Disclosure, including Webcasting,

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- (a) Decided to adopt a negative list approach for the long-term structure of the Fund's information disclosure policy, but to use a simplified information disclosure practice in the interim, while the negative list approach is being developed;
- (b) Requested the Interim Secretariat to prepare a draft interim information disclosure practice for consideration by the Board at its September 2013 meeting;
- (c) Requested the independent Secretariat to develop in 2014 a comprehensive draft information disclosure policy based on the negative list approach;
- (d) Decided that full, non-executive sessions of the Board will be subject to recording, and those recordings will be made available on the website of the Fund, through registration only, within three weeks of each Board meeting, and to review the matter in light of experience gained and the usage statistics of the service.

### **DECISION B.01-13/01: Adoption of Additional Rules of Procedure**

The Board, having considered document GCF/B.01-13/02/Rev.01 Additional Rules of Procedure of the Board,

- (a) Adopted the provisions on applicability and definitions set out in Annex I to this report;
- (b) Adopted the Additional Rules of Procedure of the Board relating to observers set out in Annex II to this report;
- (c) Adopted the Additional Rules of Procedure of the Board relating to composition, selection and term of Board membership set out in Annex III to this report;
- (d) Adopted the Additional Rules of Procedure of the Board relating to Co-Chairs set out in Annex IV to this report;
- (e) Adopted the Additional Rules of Procedure of the Board relating to meetings set out in Annex V to this report;
- (f) Adopted the Additional Rules of Procedure of the Board relating to meetings set out in Annex VI to this report;
- (g) Adopted the Additional Rules of Procedure of the Board relating to meetings set out in Annex VII to this report;
- (h) Adopted the Additional Rules of Procedure of the Board relating to decision-making and voting set out in Annex VIII to this report;
- (i) Adopted the Additional Rules of Procedure of the Board relating to confidentiality and conflict of interest set out in Annex IX to this report;
- (j) Adopted the Additional Rules of Procedure of the Board relating to amendments to the Additional Rules of Procedure set out in Annex X to this report;
- (k) Adopted the Additional Rules of Procedure of the Board relating to the overriding authority of the Governing Instrument set out in Annex XI to this report;
- (l) Requested the Co-Chairs to consider the matter of formal voting and report back to the Board at its June 2013 meeting;
- (m) Requested the Interim Secretariat, under the guidance of the Co-Chairs, to prepare a document on the participation of advisers for the June 2013 Board meeting;
- (n) Requested the Interim Secretariat, under the guidance of the Co-Chairs, to prepare a document on information disclosure, including webcasting, for the June 2013 Board meeting;
- (o) Requested the Interim Secretariat to publish the rules of procedure, as adopted, in a consolidated manner.

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(Note: The additional rules of procedure contained in the annexes mentioned in decision B.01-13/01 are included in the consolidated rules of procedure; see \*Rules of Procedure )

### **DECISION B.01-12/01: Consultation on issues associated with additional rules of procedure**

The Board:

- (a) Noted the need for further work and consultations and requested the Interim Secretariat to prepare a working document on these issues for discussion at its next meeting;
- (b) Invited its members to send comments on the issues raised at this meeting or additional issues to the Interim Secretariat by 30 August 2012, so that they can be addressed in the working document;
- (c) Agreed, on a provisional basis, that the Co-Chairs, when chairing the meeting, may designate their alternates to act on their behalf and take their seats and that this arrangement would not set a precedent and will be replaced by more permanent arrangements at the next Board meeting under the additional rules of procedure.

### **BOARD DECISION MAKING**

(Note: Annexes II and III of this Handbook contain the II. Decisions on scheduling of Board *meetings* and III. Decisions on adoption of Reports of Meetings of *the Board*, respectively.)

### **\*DECISION B.23/03: Procedures for decision making in the event that all efforts at reaching consensus have been exhausted**

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.

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.

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### 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;

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- (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.

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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.

### **DECISION B.12/12: Consultation on guidelines on decisions that may be taken without a Board meeting**

The Board,

- (a) Requests the Co-Chairs to consult with a view to presenting, for consideration by the Board, matters related to the guidelines to determine in which cases decisions may be taken without a Board meeting, no later than its fifteenth meeting; and
- (b) Requests the Co-Chairs with the support of the Secretariat to summarize the outcome of their consultations and to propose a draft decision in a written report to be transmitted to the Board in line with the Rules of Procedure of the Board.

### **DECISION B.12/11: Consultation on options for decision-making in the absence of consensus**

The Board,

- (a) Requests the Co-Chairs to consult with a view to presenting, for consideration by the Board, further options for decision-making in the absence of consensus no later than its fifteenth meeting; and
- (b) Requests the Co-Chairs with the support of the Secretariat to summarize the outcome of their consultations and to propose a draft decision in a written report to be transmitted to the Board in line with the Rules of Procedure of the Board.

### **DECISION B.08/14: Consideration of Board Decision-making in the absence of consensus**

The Board, having considered document GCF/B.08/17 Decision-making Procedures for the Board in the Absence of Consensus:

- (a) Reaffirms paragraph 14 of the Governing Instrument for the Green Climate Fund that decisions of the Board will be taken by consensus of the Board members and that the Board will develop procedures for adopting decisions in the event that all efforts at reaching consensus have been exhausted; and
- (b) Requests the Secretariat to develop options for procedures for adopting decisions in the event all efforts at reaching consensus have been exhausted for consideration by the Board at its first meeting in 2015 taking into consideration document GCF/B.08/44 (Limited Distribution) Co-Chairs Non-paper: Voting Procedures.

## **ETHICS AND CONFLICT OF INTEREST**

### **DECISION B.22/05: Matters regarding the Board Policy on Ethics and Conflicts of Interest for Board-appointed Officials (Limited distribution decision)**

The Board also adopted a limited distribution decision under this agenda item.

**\*DECISION B.13/27: Adoption of the Policy on ethics and conflicts of interest for Board-appointed officials**

**DECISION B.10/13: Adoption of policies on ethics and conflict of interest for external members of GCF panels and groups and for the Executive Director**

**\*DECISION B.09/03: Adoption of the Policy on ethics and conflicts of interest for the Board**

(Note: The text of the above decisions and their annexes can be found in Chapter I, Business Model (please see Policies on ethics and conflict of interest)

### GUIDELINES FOR OBSERVER<sup>1</sup> PARTICIPATION

**DECISION B.23/02 (e): Updated Workplan of the Board for 2019**

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”:

- (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;

**DECISION B.BM-2016/11: Terms of reference for the review of observer participation**

The Board, having reviewed document GCF/BM-2016/10 titled “Terms of reference for the review of observer participation”:

- (a) Approves the terms of reference for the review of observer participation, as contained in annex I to this document; and
- (b) Requests the Secretariat to conduct consultations, starting at the thirteenth meeting of the Board, with accredited observers 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 no later than its fifteenth meeting.

#### Annex I: Terms of reference for the review of observer participation

##### **I. Background**

1. At its twelfth meeting, the Board initiated the process of developing terms of reference for the review of the GCF guidelines relating to observer participation, accreditation of observer organizations and participation of active observers mandated in decision B.01-13/03. In so doing, the Board requested “the Co-Chairs to consult with fellow Board members and alternate Board members, 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 presenting for consideration by the Board, the terms of reference for this review no later than its thirteenth meeting (decision B.12/14, para. (a)).

##### **II. Scope of the review of observer participation**

2. These terms of reference are for the review of the GCF guidelines relating to observer participation, accreditation of observer organizations and participation of active observers as outlined in annex XII to decision B.01-13/03 (annex XII to document GCF/B.01-13/12), as adopted by the Board at its third meeting. The guidelines called for a comprehensive review of observer participation, including the selection process of active observers, involving a wide range of

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<sup>1</sup> Lists of accredited observers to the GCF can be found at the following links

Civil Society Organizations <https://www.greenclimate.fund/boardroom/the-board/observers/civil-society>  
Private Sector Organizations <https://www.greenclimate.fund/boardroom/the-board/observers/private-sector>  
International entities <https://www.greenclimate.fund/boardroom/the-board/observers/int-l-entities>

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stakeholders to be undertaken after a trial period of two years. The review will aim to assess the current guidelines, with a view to identifying gaps and improvements related to the guidelines.

### III. Objectives and use of the review

3. In line with decision B.01-13/03, the objective of this process is to carry out a comprehensive review of:

- (a) Observer participation in the activities of the Board
- (b) The accreditation process of observer organizations; and
- (c) The participation of active observers in meetings of the Board.

4. A summarized outcome of the review and a proposed draft decision contained in a written report will be presented for consideration by the Board at its fifteenth meeting.

### IV. Points to guide the review

5. In accordance with decision B.12/14, observer organizations were invited to submit to the Secretariat views on the terms of reference for the review, which were to be received by the extended deadline of 15 April 2016. The review will address, inter alia, the points listed below, which are drawn from the submissions received and in conformity with the objectives of the review and guidelines contained in annex XII to decision B.01-13/03.

- (a) Observer participation in GCF processes
  - (i) Policy and practice of formal observer engagement and representation as well as comparable approaches undertaken by peer institutions and international best practice;
  - (ii) The resources provided to support the involvement of observers, including the use of live webcast for meetings of the Board;
  - (iii) The use of the GCF website, including the online registration system to support observers;
  - (iv) The scope and capacity of the assistance and engagement to be provided by the Secretariat; and
  - (v) The rules and procedures for the registration of observers for meetings of the Board.
- (b) The accreditation process of observer organizations
  - (i) The frequency of rounds of accreditation;
  - (ii) The lead time and communication channels for calls for applications for accreditation;
  - (iii) The timeline for accreditation;
  - (iv) The duration of accredited status;
  - (v) The utility (form and function) of the application form;
  - (vi) Possible ways to streamline the observer accreditation process; and
  - (vii) The capacity of the Secretariat to manage the accreditation process.
- (c) Participation of active observers in meetings of the Board
  - (i) Observer constituency representation arrangements;
  - (ii) The role of alternate active observers;
  - (iii) Observer engagement in Board committees and in decisions taken between meetings;
  - (iv) The seating of active observers in the Board room;
  - (v) Active observer participation in Board discussions; and
  - (vi) Financial support for developing country observers.

### V. Methodology

6. The Secretariat will undertake the comprehensive review of the participation of observers in the activities of the Board, in consultation with the Co-Chairs.

7. A summarized outcome of the consultations and a proposed draft decision will be presented to the Board in a written report for consideration at its fifteenth meeting.

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### VI. Key tasks

Key tasks	Deliverables
Consultations with Board members and alternate members, active observers, accredited observer organisations, and other relevant entities on the review points	Summarised outcome of the consultations and proposed draft decision transmitted to the Board in a written report
Presentation of review report and draft decision to the Board	Board decision taken on the guidelines on participation of observers

#### **DECISION B.12/14: Consultations on a review of the participation of observers in Board activities**

The Board,

- (a) Requests the Co-Chairs to consult with fellow Board members and alternate Board members, 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 presenting, for consideration by the Board, the terms of reference for this review no later than the thirteenth meeting of the Board;
- (b) Invites observer organizations to submit to the Secretariat views on the terms of reference for the review by 10 April 2016;
- (c) Requests the Secretariat to support the Co-Chairs in the preparation of the terms of reference and to undertake the review for consideration by the Board at its fifteenth meeting; and
- (d) Requests the Co-Chairs with the support of the Secretariat to summarize the outcome of their consultations and to propose a draft decision in a written report to be transmitted to the Board in line with the Rules of Procedure of the Board.

#### **DECISION B.05/23: Participation of observers in Board Meetings**

The Board:

- (a) Takes note of the information presented in document GCF/B.05/Inf.05;
- (b) Requests the Secretariat to prepare a document on the participation of observers in Board meetings for the consideration by the Board at its first meeting in 2014.

#### **\*DECISION B.01-13/03: Guidelines for observer participation**

The Board

Approved the Guidelines relating to the observer participation, accreditation of observer organizations and participation of active observers set out in the Annex XII to this report.

Annex XII: Guidelines relating to the observer participation, accreditation of observer organizations and participation of active observers

### I. Introduction

1. These guidelines relate to observer participation and the accreditation of observer organizations, and to the selection and participation of active observers.
2. The Board would like to promote the input and participation of stakeholders throughout this process with a view to strengthening the role that they will play. Increased interaction with the Board members and the Co-Chairs will be arranged during the duration of the Board meetings. The Secretariat will designate a point of staff contact for all observers to facilitate communication with and among them.
3. Information and access to documents will be addressed in a separate disclosure policy to enhance participation of stakeholders.

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### II. Registration and participation of observers

4. The Secretariat will notify observer States and accredited observer organizations of the dates and venue of the meetings through a formal notification circulated with the provisional agenda at least 30 days before the first day of the meeting.
5. Once the notification for a meeting has been issued, the designated contact point of the observer State or accredited observer organization should inform the Secretariat of the composition of their delegation no later than one week after the notification has been circulated. Representatives of United Nations and other intergovernmental organizations will need to be officially nominated by the head of that organization or his/her designated representative. No nominations will be accepted after the deadline set in the notification.

### III. Accreditation of observers organizations

6. Observer organizations that wish to participate in the activities of the Fund shall apply for observer status with the Fund. Observer status will be granted upon successful completion of the accreditation process outlined below.
7. The applicant organization will send a letter of application to the Secretariat, in which it will:
  - (a) Provide a description of the organization;
  - (b) Demonstrate that it has a well-organized administrative structure and relevant competences and experience, and can send representatives fully mandated to speak on behalf of the organization;
  - (c) Explain the benefit of its input for the Fund, its specialized scientific and technical competences relating to the Fund's goals, and what it expects in return from the Fund; and
  - (d) Give written confirmation that it acknowledges the goals and basic principles of the Fund and will abide by the Board's rules of procedures.
8. Any new requests for admission as an accredited observer should be submitted at least two months before a Board meeting.
9. Applications will be reviewed by the Secretariat. The Secretariat will then present them, with a recommendation, to the Board, which will decide on a no-objection basis in line with the additional rules of procedure.
10. A list of accredited observer organizations will be maintained on the Fund's website.

### IV. Process and guidelines for participation of active observers

#### 4.1 Representation of active observers

11. The two civil society representatives and two private sector representatives will be invited to participate in the Board meetings as active observers from among the representatives of accredited civil society organization (CSOs) and private sector organizations (PSOs), respectively.
12. Representation is for a term of two years, with a maximum of two consecutive terms.

13. If an active observer is unable to attend a Board meeting or fails to comply with the requirements set forth in paragraph 14 of these Guidelines, the Co-Chairs, acting jointly, may invite the civil society or private sector observer organization concerned to nominate a replacement, consistent with Section 4.3 of these Guidelines and the procedure concerning accreditation of observer organizations.

#### 4.2 Roles and responsibilities of active observers

14. The active observers may intervene upon invitation of the Co-Chairs in open segments of the meetings of 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. The active observers shall:
  - (a) Consistently attend meetings;
  - (b) Consult with other civil society and private sector stakeholders in compliance with agreed consultation guidelines;
  - (c) Solicit, collect and communicate information from CSOs and PSOs to the Board on matters that the Board is considering and represent the views of their constituency;
  - (d) Collect and disseminate information from the Board and related bodies and processes to members of the CSOs and PSOs groupings; and
  - (e) Not disclose, both during and after their term of office, information obtained from the Fund and/or project participants that is marked as proprietary and/or confidential, without the written consent of the Fund and/or the provider of the information, except as otherwise required by the law.

### 4.3 Selection process of active observers

15. In order to ensure equity and diversity across observer organizations, representation of active observers should aim, in addition to the agreed balanced representation from developing and developed countries, at a balanced gender representation as well as a balanced representation between international and local or national organizations.

16. CSOs and PSOs will select their respective active observers and replacements.

### 4.4 Comprehensive review

17. A comprehensive review of observer participation, including the selection process of active observers, involving a wide range of stakeholders will be undertaken after a trial period of two years.

## **DECISION B.01-12/02: Observer participation in Meetings of the Board**

The Board at its First Meeting:

- (a) Agreed, on an ad hoc basis, to provisionally invite four active observers to participate in its meeting and to each make a statement on the issues that are on its agenda;
- (b) Requested the Interim Secretariat to prepare a policy document on how to operationalize paragraph 16 of the Governing Instrument and invited its members to provide their views on this issue to the Interim Secretariat and observers present at the meeting to contribute as well. Input should reach the Interim Secretariat by 30 August 2012.

## **INFORMATION DISCLOSURE POLICY**

### **DECISION B.BM-2018/05: Establishment of the Information Appeals Panel**

The Board, having considered document GCF/BM-2018/05 titled “Establishment of the Information Appeals Panel”:

Establishes the Information Appeals Panel composed of the heads of the three independent accountability units of the Green Climate Fund, in accordance with paragraph 28 of the Information Disclosure Policy of the Green Climate Fund and decision B.12/35.

### **DECISION B.18/01(h): 2018 Work Plan of the Board and transmission of meeting documents**

- (h) Decides to consider the establishment of the Independent Appeals Panel requested pursuant to decision B.12/35, annex XXIX, paragraph 28, between the eighteenth and nineteenth meetings of the Board;

### **\*DECISION B.12/35: Adoption of the Information disclosure policy of the GCF**

The Board, having reviewed the document GCF/B.12/24 titled “Comprehensive information disclosure policy of the Fund”,

- (a) Adopts the Information disclosure policy of the Green Climate Fund as set out in annex XXIX (the “Policy”);
- (b) Requests the Ethics and Audit Committee, once the environmental and social management system is developed, to review the relevant disclosure requirements under the Policy and make appropriate recommendations to the Board;
- (c) Decides that, pending the constitution of the Information Appeals Panel, under the Policy, the Ethics and Audit Committee will fulfil such a role on a temporary basis until the Information Appeals Panel shall have become operational;
- (d) Decides that formal Board meetings will be webcast live until the end of 2017;

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- (e) Requests the Secretariat to undertake a qualitative and quantitative review of the webcasting service, to include the costs involved, the views of those who have accessed it, and other information that would be useful to assess the service;
- (f) Notes that the Board will decide on modalities for the qualitative and quantitative review of the webcasting service no later than its sixteenth meeting, noting that data collection will begin with the first webcast; and
- (g) Decides that the Board will consider the review of the webcasting service no later than March 2018.

### Annex XXIX: Information disclosure policy

#### **I. Objective and scope**

1. The Green Climate Fund (GCF) recognizes the importance of and reaffirms its commitment to transparency and accountability in all aspects of its operations in fulfilling its mandate and in strengthening public trust in the GCF. Through the implementation of this Information Disclosure Policy (the Policy), the GCF recognizes the need to ensure public access and stakeholder participation in fulfilling its role. The GCF will ensure the greatest degree of transparency in all its activities through the effective dissemination of information to stakeholders and the public at large.
2. The Governing Instrument for the GCF provides that the GCF will operate in a transparent and accountable manner guided by the principles of efficiency and effectiveness.
3. This document sets out the Policy of the GCF regarding the information that it makes available to the public either as a routine matter or upon request.
4. This Policy applies to all information produced by or in the possession of the GCF.

#### **II. Definitions**

5. For the purposes of the Policy, the following terms shall have the meaning set out below:
  - (a) **Accountability Units** means the independent integrity unit (referred to in paragraph 68 of the Governing Instrument), the independent redress mechanism (referred to in paragraph 69 of the Governing Instrument) and the independent evaluation unit (referred to in paragraph 60 of the Governing Instrument);
  - (b) **Board** means the **Board** of the GCF;
  - (c) **Committees, Panels and Groups** means any committees, panels and groups established by the Board;
  - (d) **Ethics and Audit Committee** means the committee of the Board established by decision B.05/13, paragraph (e);
  - (e) **Executive Director** means the Executive Director of the GCF Secretariat;
  - (f) **GCF** means the Green Climate Fund;
  - (g) **Governing Instrument** means the Governing Instrument for the GCF;
  - (h) **Information Appeals Panel** or **IAP** means the panel established by this Policy which reviews denials of requests for information under this Policy;
  - (i) **Policy** means this Information Disclosure Policy;
  - (j) **Secretariat** means the independent Secretariat of the GCF referred to in Section E of the Governing Instrument; and
  - (k) **Trustee** means the trustee of the GCF referred to in paragraph 24 of the Governing Instrument, which includes the interim trustee referred to in paragraph 26 of the Governing Instrument.

#### **III. Principles**

6. This Policy is based on the following principles:
  - (a) **Principle 1: Maximize access to information.** The GCF reaffirms its commitment to transparency in all of its activities and therefore seeks to maximize access to any documents and information that it produces and to information in its possession that is not on the list of exceptions as set out in Chapter V of this Policy. Furthermore, so long as the GCF is not legally obligated to confidentiality, information on the list of exceptions will be disclosed in accordance with timelines and procedures specified for that purpose.
  - (b) **Principle 2: Limited exceptions.** Any exceptions to disclosure will be predicated upon the possibility, narrowly and clearly defined, that the potential harm to interests, entities or parties arising from the

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disclosure of information would outweigh the benefits, that the GCF is legally obligated to non-disclosure or has received information from third parties clearly marked as confidential. The GCF may, in exceptional circumstances, decide not to disclose or delay dissemination of information that would normally be accessible if it determines that the harm that might occur by doing so will outweigh the benefits of access. The GCF may also, in exceptional circumstances, make available to the public information ordinarily excluded from disclosure when it determines that the benefit would outweigh the potential harm, except where the GCF is legally obligated to confidentiality.

- (c) **Principle 3: Simple and broad access to information.** The GCF will employ all practical means to facilitate access to information, maximize access to such information, and use clear and cost-effective procedures and timelines for processing requests.
- (d) **Principle 4: Explanations of decisions and right to review.** When denying access to information on request the GCF will provide an explanation for its decision. Requesters who believe they have been denied access to information in violation of this Policy will have the right to have such decision reviewed by the Information Appeals Panel.

### IV. Standard of disclosure

7. The GCF seeks to maximize access to information that it produces and/or possesses and will therefore disclose any information not contained in the list of exceptions set out in Chapter V of this Policy. This Policy is predicated not on a list of information that it chooses to disclose but rather on a clear definition of the information that it will not disclose. The GCF will apply a presumption in favour of disclosure for all information and documents relating to the GCF and its funding activities. All documents in the GCF's possession subject to disclosure as per this Policy, will be released on the GCF's website or through other appropriate means, or will be provided upon request, to provide the public with a clear picture of the GCF's work and the way it administers financial resources received from public, private and other sources.

8. As a matter of principle, the GCF will share the majority of the information in its possession with stakeholders and the public at large, either proactively or upon request, subject to specified exceptions to presumed disclosure. The timing of disclosure of the different types of information may vary, based on the nature of the information as further set out in Section X of this Policy.

### V. Exceptions to presumed disclosure

9. While the GCF is committed to disclosing as much information as possible, the effective functioning of the GCF requires it to protect certain types of information by identifying the harm that disclosure of the relevant information could cause to the interests protected by the exceptions.

10. If a document (or part of it) subject to posting on the GCF's website is not posted because the information contained in the document falls under an exception, the GCF shall make reference to the document or the information removed therefrom, unless citing the document or the removed information would itself violate an exception. If part of the information contained in a document to be provided upon request falls under an exception, such information shall be removed from the document and the requester shall be informed of the reason for such a removal. In such a case where only a portion of a document falls under an exception, the segregable information will be disclosed.

11. The exceptions to the GCF's presumption in favour of disclosure of information are set forth below. The following categories of information/documents will not be accessible because the potential harm caused by their disclosure outweighs the benefit to be derived from accessibility. Subject to paragraphs 12, 13 and 32 below, the Secretariat or, if applicable, the relevant Accountability Unit will determine whether documents or portions thereof will be disclosed:

- (a) Personal information.

The GCF will not disclose information relating to:

- (i) personal information of any person, including members and alternate members of the Board, advisers, the Executive Director, GCF staff and consultants and other persons connected with the GCF; and
- (ii) Staff appointment and selection processes,  
The disclosure of which would affect the legitimate privacy interest of the person(s) concerned.

- (b) Legal, disciplinary or investigative matters.

- (i) The GCF will not disclose information subject to legal professional privilege, matters in legal dispute or under negotiation, information relating to any investigation of alleged fraud, corruption or misconduct or disciplinary proceedings, except to the extent specifically permitted by and in accordance with the GCF's rules on such investigations, or any information that, if disclosed, would or would be likely to materially prejudice an investigation or the administration of justice or violate applicable law;

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- (ii) The GCF will not disclose information, documents, reports or communications in circumstances where disclosure would violate applicable law or contractual obligations, or could subject the GCF to undue litigation risk; and
  - (iii) The GCF will not provide access to or release information relating to proceedings of internal grievance and appeals mechanisms<sup>1</sup> except to the extent expressly permitted under the rules of these mechanisms;
- (c) **Communications involving members and alternate members of the Board and advisers.** The GCF will not disclose communications between members and alternate members of the Board, advisers and the Secretariat and Accountability Units marked as confidential.
- (d) **Safety and security.** The GCF will not disclose information that would or would be likely to compromise the security, safety or health of GCF staff and their families, consultants, experts and contractors, GCF assets or any other individual;
- (e) Information provided in confidence.
- (i) Information provided to the Board, Secretariat or any Accountability Unit in confidence or with restrictions on disclosure, will not be disclosed without the explicit authorization of the provider of such information, such as information covered by a confidentiality agreement or non-disclosure agreement that the GCF had entered into with other parties. This exception should not be applied broadly to an entire document if the document contains specific, segregable portions that can be disclosed without prejudice or harm;
  - (ii) Financial, business or proprietary and non-public information in possession of the GCF and belonging to a party outside the GCF will not be disclosed, without the express permission of such a party; and
  - (iii) The GCF will not disclose information provided to it in confidence, alleging fraud, corruption, or violation of any of the GCF's policies, or misconduct, except to the extent specifically permitted by and in accordance with the applicable rules on investigations, as well as the identity of the party making the allegation, unless such a person consents to the disclosure of his or her identity;
- (f) **Deliberative information.** Deliberative information exchanged, prepared for or derived from the exchanges between the GCF and its accredited entities or third parties as well as information pertaining to the GCF's own internal deliberative processes, will not be disclosed if it would damage the free flow of information and ideas. Therefore; while it will, subject to the exceptions set out in Chapter V of this Policy, make public the agreements or decisions reached at the conclusion of such a deliberative process, it will not provide access to the following information:
- (i) Information (including inter-office or intra-office e-mails, notes, letters, memoranda, draft documents or reports) prepared for or exchanged during the course of its deliberations with accredited entities, countries, other entities or persons with whom the GCF is involved;
  - (ii) Information (including e-mails, notes, letters, memoranda, reports or other documents) prepared for, or exchanged during the course of its own internal deliberations, including those issued or prepared by GCF's staff, consultants, experts, attorneys or agents; and
  - (iii) Studies, audit reports, assessments, evaluations or analyses prepared by or on behalf of the Secretariat to inform the GCF's internal decision-making and assessment processes that include sensitive information;
- (g) **Certain financial information.** The GCF will not provide access to any financial information that, if disclosed, would prejudice the financial or commercial interests of the GCF and any of its activities;
- (h) **Board proceedings.** The GCF will not disclose Board documents including, pre-meeting documents, that are deemed confidential pursuant to this Policy of which distribution will be limited to members and alternate members of the Board. The GCF will not webcast, or provide video recordings of closed executive sessions of the Board;
- (i) **Information relating to Committees, Panels and Groups; Accountability Units.** Before disclosing any information, the GCF will redact any portion of reports, information, decisions, recommendations or proceedings of any of the Committees, Panels and Groups and Accountability Units, which contains confidential information which, if disclosed, may cause prejudice to the GCF, any persons associated with it or other related parties;

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<sup>1</sup> The internal grievance and appeals mechanisms of the Fund include the Administrative Review and appeals procedures and the Administrative Tribunal which are in the process of being set up at the time of adoption of this Policy.

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- (j) **Trust Fund reports.** The GCF will not disclose information contained in the reports by the Trustee to the extent that it contains confidential information which, if disclosed, may cause prejudice to the GCF or related parties; and
- (k) **Accreditation.** The name and country of any entity applying for accreditation will be made public on submission of an accreditation recommendation of such an entity to the Board, unless the entity has a reason to keep such information confidential, in which case such information shall be made available once such recommendation has been approved by the Board.

### VI. Overrides

12. As described in paragraph 6 above (Principle 2: Limited exceptions), the GCF may decide to provide access to certain specified types of information normally subject to one of this Policy's exceptions, in extraordinary circumstances, if it determines that the benefit to be derived from doing so would outweigh the potential harm that the application of this Policy might otherwise entail, and so long as the GCF is not legally or otherwise obligated to confidentiality. Any decision to provide access to information via the override would require the Board's concurrence for any Board document, the head of the Accountability units for documents relating to such unit, and the Executive Director's concurrence for any other document produced, commissioned or under the purview of the Secretariat, as well as the written consent of any third party that had provided information to the GCF in confidence for any such information that the GCF wishes to disclose.

13. The GCF also reserves the right not to disclose, by means of a 'negative' override, normally available information if it determines that the potential harm that the application of this Policy might otherwise entail would outweigh the potential benefit of disclosing such information. Any decision to not disclose information via this override would require the Board's concurrence for any Board document, the head of the Accountability units for documents relating to such unit and the Executive Director's concurrence for any other documents produced, commissioned or under the purview of the Secretariat.

### VII. Language of Disclosure

14. English is the working language of the GCF. Ordinarily, documents will be disclosed in the original language; however, any documents the GCF discloses that it considers to be of significant public interest will be published in English on the GCF's website.

### VIII. Implementation aspects of this Policy

#### 8.1 Procedures for accessing information

15. **GCF's website.** The GCF routinely discloses a wide range of information and documents through its website - [www.greenclimate.fund](http://www.greenclimate.fund). These include, but are not limited to, decisions of the Board, policy papers and project-related public information that provides details on all types of GCF-funded projects and programmes without duplicating what is to be published by accredited entities and/or executing entities on their websites. Other means of dissemination will be used by the GCF as may be required to reach its intended audiences. The GCF's website may also provide links to the websites of its accredited entities.

16. Project and programme funding proposals will be disclosed simultaneously with submission to the Board, subject to the redaction of any information which may not be disclosed pursuant to this Policy. Public disclosure shall be accomplished via posting on the GCF website.

17. Environmental and social reports. With respect to project and programme funding proposals that have an environmental or social impact, the Accredited Entities (AE's) shall disclose and announce to the public and, via the Secretariat, to the Board and Active Observers:

- (a) in case of Category A projects, the Environmental and Social Impacts Assessment (ESIA) and an Environmental and Social Management Plan (ESMP) at least 120 days in advance of the AE's or GCF's Board decision, whichever is earlier;
- (b) in the case of Category I-1 programmes, the Environmental and Social Management System (ESMS)<sup>2</sup> at least 120 days in advance of the AE's or GCF's Board decision, whichever is earlier;
- (c) in the case of Category B projects, the ESIA<sup>3</sup> and an Environmental and Social Management Plan (ESMP)<sup>4</sup> at least 30 days in advance of the AE's or GCF's Board decision, whichever is earlier; and

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<sup>2</sup> An ESMS is a collection of policies, management processes and procedures that allow analysis, control and reduction of the environmental and social impacts.

<sup>3</sup> ESIA is "Environmental and Social Impact Assessment (ESIA)", a comprehensive document of a project's potential environmental and social risks and impacts which is developed based on key process elements generally consisting of (i) initial screening of the project and scoping of the assessment process; (ii) examination of alternatives; (iii) stakeholder identification (focusing on those directly affected and other stakeholders) and gathering of environmental and social baseline data; (iv) impact identification, prediction, and analysis; (v) generation of mitigation or management measures and actions; (vi) significance of impacts and evaluation of residual impacts; consultation with and disclosure to project affected people including setting up a grievance mechanism; and documenting the assessment process in form of an ESIA report.

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- (d) in the case of Category I-2 programmes, the ESMS at least 30 days in advance of the AE's or GCF's Board decision, whichever is earlier.

The reports will be available in both English and the local language (if not English). The reports will be available via electronic links in both the AE's and the GCF's website (in the case of the GCF website, upon submission of a funding proposal to the Board) as well as in locations convenient to affected peoples. Funding proposals relating to projects and programmes that do not have any significant environmental or social impact (i.e. Category C project or Category I-3) shall not require any additional advance information disclosure.

18. **Board proceedings.** Board documents and Board proceedings will be available on the GCF's website, unless such information is not subject to disclosure under paragraph 11. The GCF will also webcast live proceedings of the meetings of the Board. The GCF will make video recordings of meetings of the Board, excluding any executive sessions, available on its website, through registration only, within three weeks of each Board meeting.

19. **Public consultation period.** The Board shall continue its practice of soliciting public input for certain policies and strategies under discussion by the Board for at least 30 days through the Fund's website.

20. Information initially not disclosed by the GCF may at some stage be subject to disclosure as its sensitivity diminishes. Accordingly, the GCF will disclose Board documents deemed confidential under paragraph 11 (h) upon request except for information that falls within the exceptions listed in paragraph 11(a-e), after 10 years.

21. Any information concerning GCF-funded projects, programmes, policies, strategies and general operations held by the GCF for more than 20 years from the date such information was produced by, or provided to, the GCF, will be considered historical information. Historical information, other than Board documents, shall be disclosed upon request, except for information that falls with the exceptions listed in paragraph 11(a-e).

### 8.2 Information upon request

22. Anyone may contact the Secretariat to request any document or information which is not accessible on the GCF's website. The Secretariat will entertain external requests for information or documents that are made in writing. Requests for information may be submitted in writing or via e-mail, as needed, addressed as follows:

- (a) In writing: Green Climate Fund, Disclosure, 175, Art Center-daero, Yeonsu-gu, Incheon 22004, Republic of Korea; or
- (b) Via e-mail: <[disclosure@gcfund.org](mailto:disclosure@gcfund.org)>.

All requests for information are processed by the Secretariat. Requests should indicate with reasonable specificity the information that is being sought to enable the Secretariat, within a reasonable period of time, to locate the information.

23. Requests for information will be submitted in English, which is the working language of the GCF, and the response will be in English.

24. In responding to external queries, the Secretariat will either provide the requested information or document, referring the requester to the relevant link on the GCF's website whenever possible, or a legitimate reason as to why the information cannot be given, based on the exceptions to disclosure defined by the GCF or on the fact that such information does not exist or cannot be found. For information requests that involve the reproduction of material, the GCF may charge a fee, which will be communicated to the requester in advance.

### IX. Timelines for responding to requests

25. The Secretariat shall endeavour to respond to requests for information within 30 working days of receipt of a written request for information, unless additional time is required because of the scope or complexity of the information requested. In its response, the GCF shall either provide the requested information or the reasons why the request has been denied, indicating the particular provision(s) in this Policy that justifies the refusal. The GCF shall post on its website the list of requests reviewed, and the corresponding decisions.

26. The Secretariat may partially or wholly deny a request on the following grounds:

- (a) In accordance with the limitations set out or referred to in this Policy; and
- (b) If the request is deemed to be an excessive demand on the GCF's resources.

27. The GCF shall not be required to comply with, or respond to, repeated or unreasonable requests for information on the same subject from the same person, organization, or group if the GCF has provided such information after a previous request or has given reasons why it cannot provide information.

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<sup>4</sup> ESMP is "Environmental and Social Management Plan", a document prepared either as part of an ESIA or as a separate document accompanying the ESIA describing the process of management of the mitigation measures and actions identified in the ESIA study including the associated responsibility, timeline, costs, and monitoring of key environmental and social indicators, described in the ESMP.

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### X. Summary of disclosure standards for key GCF documents

Type of document	Time of disclosure	Method of disclosure	Exceptions	Relevant policy paragraphs
Board oral proceedings	Within 3 weeks	Video recording webcasting	Executive session	18, 11(h), 11(a-e)
Reports of Board meetings	Upon adoption by the Board	Posted on website	Executive session	18, 11(h), 11(a-e)
Minutes and deliberative materials from Board executive sessions	10 years	On request	Permanent confidential info	18, 11(h), 11(a-e)
Board Meeting Documents <sup>5</sup>	21 days before Board action	Posted on website	Confidential info under para 11	11(a-j)
Project and programme funding proposals	21 days before Board action	Posted on website	Confidential info under para 11	16, 11(a-g)
Monitoring and Evaluation Reports	Simultaneous with submission to the Board	Posted on the GCF's and Accredited Entities website	n/a	16, 11(a-g)
Environmental reports- required of the accredited entities by the GCF	Category A/I-1 projects: 120 days before the GCF's or the AE's Board date, whichever is earlier Category B/I-2 projects: 30 days before the GCF's or the AE's Board date, whichever is earlier Category C projects/I-3 programmes: no advanced disclosure required	Disclosure by the Accredited Entity via electronic links in the AE's website and convenient locations for affected peoples. The GCF shall disclose such reports in its website. <sup>6</sup>	-	17
Accreditation recommendations	Simultaneous w/submission to Board	Posted on website	If entity requests confidentiality	11(k)
GCF project, programme, financial, strategy, general operations (historical) information	20 years	On request	Permanent confidential info	21, 11(a-e)
Personal, investigative, Board-GCF, safety/security, and third party confidential information	At no time (so long as a basis for confidentiality exists)	n/a	n/a	11(a-e)
GCF non-historical financial, Board confidential committee/group/panel, and Trust Fund information	At no time (so long as a basis for confidentiality exists)	n/a	n/a	11(g, i-j)

### XI. Appeal mechanism

28. The Board will establish an Information Appeals Panel (IAP) to consider appeals under this Policy. The IAP shall be composed of the three heads of the Accountability Units. The IAP Chair will be selected from amongst, and by, the IAP members. If the appeal relates to information not disclosed by an Accountability Unit, the head of such unit shall recuse him/herself from the deliberations and decision making.

29. A requester who is denied access to information may file an appeal if the requester is able to:

<sup>5</sup> Board Meeting Documents means documentation not otherwise referred to in this table relating to items on the provisional agenda of any Board meeting, which may include documentation relating to Projects and programs, Monitoring and Evaluation, Policies and Strategies, Operational rules and procedures, Administrative and Financial Information, Accountability and governance

<sup>6</sup> In the case of the GCF website, disclosure of the relevant information shall be made at the time of submission of the relevant funding proposal to the Board.

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- (a) Establish a prima facie case that the GCF has violated this Policy by restricting access to the information requested; or
- (b) Make a case to overturn an override of this Policy that restricts access to the information requested.
30. Such appeals will be considered by the Information Appeals Panel which will be authorized to receive requests for review from parties outside the GCF and to recommend to uphold or reverse prior decisions to deny access to information. In order to ensure that the appeal is considered in a non-biased and fair manner, no member of the IAP shall have been involved in the original decision to deny access to information.
31. The IAP will convene as needed to review requests for information that have been denied. The IAP will endeavour to respond to the requester within 30 working days of receipt of the appeal, unless additional time is required due to its scope or complexity.
32. The IAP has the authority to recommend to the Board in respect of appeals regarding Board documents, to the head of the relevant Accountability Unit for documents relating to such unit and to the Executive Director in respect of all other documents to uphold or reverse decisions to deny access to information.
33. Any recommendation to disclose information will require the approval of the EAC for Board documents, the head of the relevant Accountability Unit for documents relating to such unit and of the Executive Director for other documents; and their decisions will be final.
34. The IAP shall notify the requester of the decision in writing as soon as a decision is made and no later than 30 working days after receiving the appeal (subject to para. 37 below), and in the case of a decision by the EAC the requester shall be notified upon the EAC's decision.

### **XII. Submission of appeals and notification of decisions**

35. An appeal to the IAP may be filed in writing within 60 calendar days of notification of the denial of information.
36. Appeals must be submitted via e-mail to <IAP@gcfund.org> addressed to the Information Appeals Panel or in writing addressed to Green Climate Fund Information Appeals Panel at 175, Art Center-daero, Yeonsu-gu, Incheon 22004, Republic of Korea.
37. Appeals received beyond the 60-day filing period shall be deemed to have exceeded the deadline and shall not be considered. All appeals should be set out in a brief letter and contain the following:
- (a) A description of the information originally requested; and
- (b) An explanatory statement that sets out the facts and the grounds that support the requester's claim that the GCF violated this Policy or that the public interest override applies.

### **XIII. Effective date**

38. The provisions of this Policy will take effect on [XX] [month] 2016 and supersede the interim information disclosure practice, as contained in Annex XX to decision B.05/15, in its entirety.

### **XIV. Miscellaneous**

39. Information disclosed under this Policy is provided as is. The GCF will take all reasonable steps to conspicuously disclaim any loss or liability, either directly or indirectly as a consequence of using the disclosed information.
40. Nothing in this Policy shall be deemed to derogate from any of the provisions in the Agreement between the Republic of Korea and the GCF Concerning the Headquarters of the GCF or any other agreement that has been or may be entered into between the GCF and a Party to the United Nations Framework Convention on Climate Change.

### **XV. Report and review**

41. Every three years the Ethics and Audit Committee, with the support of 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 information access standards or policies developed and implemented by peer institutions and partners regarding the range of their activities.

### **DECISION B.05/15: Adoption of interim information disclosure practice**

The Board, having reviewed document GCF/B.05/16 Interim Information Disclosure Practice:

- (a) Adopts the Interim Information Disclosure Practice, set out in Annex XX to this document;

- (b) Requests the Secretariat to develop in 2014 a comprehensive draft information disclosure policy, based on the negative list approach described in Section 3.3 of document GCF/B.04/10;
- (c) Decides that the Interim Information Disclosure Practice will remain in force until the Board adopts a comprehensive information disclosure policy;
- (d) Requests the Secretariat to incorporate, to the extent not covered under the Interim Information Disclosure Practice, provisions on disclosure of information in all documents submitted to the Board.

(Note: Annex XX to decision B.05/15 is not reproduced as it was an interim document that had been replaced by the Information Disclosure Policy approved by decision B.12/35 listed above)

### CO-CHAIRS OF THE BOARD

#### **DECISION B.BM-2018/19: Election of Co-Chairs for 2019**

The Board, having considered the document GCF/BM-2018/30 titled “Election of Co-Chairs of the Board for 2019”:

Elects Mr. Nagmeldin Goutbi Elhassan and Mr. Josceline Wheatley as the Co-Chairs of the Board for 2019, with effect from 1 January 2019 to 31 December 2019.

#### **DECISION B.20/01: Operation of the 20<sup>th</sup> meeting of the Board in the absence of two co-chairs**

The Board:

- (a) Notes that the Co-Chair from developing country Parties is unable to attend the twentieth meeting of the Board;
- (b) Acknowledges that the Board, having received no nomination, is unable to elect another Board member from a developing country Party to assume the functions of the Co-Chair for the duration of the meeting;
- (c) Agrees, notwithstanding paragraph 8 and section 4.2 of the Rules of Procedure of the Board, and in light of the exceptional circumstances and without setting a precedent, that the Co-Chair from developed country Parties shall discharge the duties of both Co-Chairs for the duration of the twentieth meeting of the Board only and that in doing so, he shall, in accordance with paragraph 10 of the Rules of Procedure of the Board, be guided by the best interests of the Fund; and
- (d) Requests the Co-Chairs to consult with Board members and alternate members of the Board on the matters relating to the preparations for the twenty-first meeting of the Board.

#### **DECISION B.19/01: Election of Co-Chairs for 2018**

The Board:

Elects Mr. Paul Oquist and Mr. Lennart Båge as the Co-Chairs for 2018 with effect immediately and for the remainder of the period expiring on 31 December 2018.

#### **DECISION B.15/16: Election of Co-Chairs for 2017**

The Board:

Elects Mr. Ayman Shasly and Mr. Ewen McDonald as the Co-Chairs for a period of one year.

#### **DECISION B.11/09: Election of the Co-Chairs for 2016**

The Board:

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- (a) Requests the current Co-Chairs, assisted by the Secretariat, to present the report of the Green Climate Fund to the twenty-first session of the Conference of the Parties to the United Nations Framework Convention on Climate Change; and
- (b) Elects Mr. Zaheer Fakir and Mr. Ewen McDonald as the Co-Chairs for a period of one year.

### **DECISION B.04/16: Co-Chairs of the Board**

The Board:

- (a) Decided that the election of the Co-Chairs be scheduled for the end of its third meeting in 2013;
- (b) Further decided that the current Co-Chairs will continue their functions for the duration of that meeting.

## **COMMITTEES AND PANELS OF THE BOARD**

### **DECISION B.23/02 (c)(ii): Updated Workplan of the Board for 2019**

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”:

- (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:
  - (ii) Review of the effectiveness of the committees, panels and group established by the Board requested pursuant to decision B.20/04, paragraph (b);

### **\*DECISION B.20/04: Adoption of terms of reference for a review of the committees, panels and groups established by the Board**

The Board, having considered document GCF/B.20/01 titled “Terms of reference for the review of the committees and groups established by the Board”:

- (a) Adopts the terms of reference for the review of the effectiveness of the committees, panels and group established by the Board as set out in annex II to this document;
- (b) Decides that the review shall be undertaken by an independent consultant or firm, with the aim of presenting the outcomes of such review and any recommendations to the Board for its consideration as soon as possible and no later than the twenty-first meeting of the Board;
- (c) Requests the Secretariat to promptly procure the independent consultant or firm referred to in paragraph (b) above; and
- (d) Authorizes the Co-Chairs to establish the maximum amount that can be used for the procurement of such independent consultant or firm, which shall then be accommodated within the 2018 administrative budget of the Secretariat.

Annex II: Terms of reference for the review of the effectiveness of committees, panels and group established by the Board

#### **I. Objective**

1. The overall objective of the review is to assess the effectiveness of and lessons learned by the committees, panels and group established by the Board in supporting the Board to operate efficiently, and make recommendations to the Board in this regard, including their continued necessity.

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### II. Scope

2. The scope of the review shall consist of:
  - (a) An assessment of the effectiveness of the Board's current use of committees, panels and groups, taken as a whole, as further set out in section III;
  - (b) An assessment of the effectiveness of each committee, panel and group established by the Board<sup>1</sup>, as further set out in section IV; and
  - (c) Making recommendations to improve the effectiveness and efficiency of the work of the committees, panels and group to support the Board to operate more effectively and efficiently.

### III. Assessment of the Board's use of current committees, panels and groups

3. Taking into consideration lessons learned, this element of the review shall include:
  - (a) An assessment of the Board's use of the committees, panels and groups as a whole, and the role they play in the Board's decision-making process, including the extent to which decisions recommended by the relevant committee, panel or group are adopted by the Board;
  - (b) An assessment of the level of cooperation, coordination and/or consultation among the committees, panels and group;
  - (c) An assessment of the distribution of responsibilities among, and comparative workload of, the committees, panels and group;
  - (d) An assessment of whether the current committees, panels and group address all matters that are delegated to them by the Board and/or whether there is any duplication of mandates among them; and
  - (e) A comparative analysis of the use of Board committees in other multilateral funds and international institutions.

### IV. Assessment of effectiveness of each committee, panel and group

4. This element of the review shall include an assessment of the performance, lessons learned, effectiveness, and efficiency of each committee, panel and group considering its terms of reference and other mandates delegated to it by the Board, and taking into account for this purpose:
  - (a) The modality and frequency of its meetings, including arrangements for virtual meetings;
  - (b) The modes of operation of the proceedings of the relevant committee, panel or group;
  - (c) Its responsiveness to mandates delegated to it by the Board;
  - (d) The quality and usefulness of its recommendations to the Board;
  - (e) Its historic workload;
  - (f) The projected workload of the relevant committee or group considering the full operationalization of GCF, the ongoing implementation of the Strategic Plan for GCF and the Board's workplan for 2018, and any ongoing mandates delegated to it by the Board as well as the projected need for each committee, panel or group;
  - (g) The committee or group's composition, including in terms of gender balance, geographic representation and technical expertise, as well as the frequency of changes in membership;
  - (h) The quality and adequacy of the minutes or records of the meetings of each committee, panel or group; and
  - (i) The current and potential role of the committee, panel or group to add value to the institutional or operational activities of GCF.

### V. Deliverables

5. The outcome of the review shall take the form of a detailed report that sets out, inter alia:
  - (a) The results of the assessments described in sections III and IV of these terms of reference; and
  - (b) Based on the results of the assessments referred to in sections III and IV, recommendations on:
    - (i) The usefulness of each committee, panel or group and, if the continuance of the committee, panel or group is recommended, any recommendations to increase its usefulness, efficiency, or effectiveness, including in relation to its practices, composition or activities for which it should or should not be responsible in the future, especially in regard to the activities undertaken by other committees, panels or

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<sup>1</sup> Except for the Accreditation Panel and the independent Technical Advisory Panel

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groups. Additionally, recommendations may propose amendments to the terms of reference, or dissolution, of the relevant committee, panel or group;

- (ii) The establishment of any new committees to address gaps identified as part of the assessments and to enhance the Board's decision-making;
- (iii) Any appropriate modalities for consultation or collaboration, establishment of synergies, or exchange of information among relevant committees, panels and groups; and
- (iv) Any other relevant or pertinent matter based on the assessments conducted by the independent consultant or firm.

### VI. Methodology

6. The independent consultant or firm shall:

(a) Review the following documentation:

- (i) The current terms of reference of each committee, panel and group;
- (ii) Any Board decisions mandating actions to a committee, panel or group;
- (iii) Reports of the committees, panels and group to the Board;
- (iv) Decisions adopted by the Board following a recommendation by a committee, panel or group; and
- (v) Minutes or records of any meetings of a committee, panel or group; and

(b) Conduct interviews with or take written or oral input from the following persons:

- (i) Members of the committees, panels and group, including their advisers;
- (ii) Other members or alternate members of the Board;
- (iii) The Secretariat's liaison for each committee, panel or group;
- (iv) Staff members of the Secretariat or independent units who engage with the committees, panels or group on matters of substance; and
- (v) Any other relevant source.

### VII. Reporting

7. The final detailed report prepared by the independent consultant and referred to in paragraph 6 above will be presented to the Board for consideration.

### DECISION B.05/12: Committees and Panels of the Board

The Board at its Fifth Meeting, having considered document GCF/B.05/12 General Guidelines for Committees and Panels:

- (a) Takes note of document GCF/B.05/12 General Guidelines for Committees and Panels;
- (b) Decides to continue establishing committees, panels and groups, by defining their purpose and functions, as well as their mode of operation, in the respective terms of reference, and to consider general guidelines for committees, panels and groups at a later stage, as necessary;
- (c) Notes that the Rules of Procedure of the Board will apply mutatis mutandis to the committees, panels and groups established.

### BUDGET COMMITTEE

#### DECISION B.BM-2019/02 (b): Appointment of members to the Budget Committee

The Board, having considered the document GCF/BM-2019/04 titled "Appointment of members to committees and group of the Board":

- (b) Appoints as members of the Budget Committee, for a term starting on 1 January 2019:
  - (i) Mr. Jose Delgado;
  - (ii) Ms. Esther Gonzalez;

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- (iii) Mr. Chang Huh;
- (iv) Mr. Paul Oquist;
- (v) Mr. Jeremiah Garwo Sokan; and
- (vi) Ms. Sue Szabo

### **DECISION B.BM-2017/04 (a): Appointment of member to the Budget Committee**

The Board, having reviewed document GCF/BM-2017/05 titled "Appointment of Members to the Budget Committee and the Risk Management Committee":

- (a) Appoints Mr. Karma Tshering as member of the Budget Committee, for the remainder of the current term for members of the Budget Committee, starting on the date of adoption of this decision;

### **\*DECISION B.12/37: Establishment of a Budget Committee of the Board**

The Board, having reviewed document GCF/B.12/26 titled "Establishment of a Budget Committee of the Board",

- (a) Establishes the Budget Committee as a committee of the Board in accordance with paragraph 30 of the Rules of Procedure of the Board;
- (b) Adopts the terms of reference of the Budget Committee as set out in annex XXX;
- (c) Appoints the following Board members/alternate Board members from developing countries as members of the Budget Committee for its first term: and
  - (i) Mr. Omar El-Arini;
  - (ii) Mr. Teimuraz Murgulia; and
  - (iii) Ms. Diann Black-Layne;
- (d) Appoints the following Board members/alternate Board members from developed countries as members of the Budget Committee for its first term:
  - (i) Ms. Caroline Leclerc;
  - (ii) Ms. Ludovica Soderini; and
  - (iii) Mr. Jose Delgado.

#### Annex XXX: Terms of reference of the Budget Committee

1. The mandate of the Budget Committee is to review and make recommendations to the Board on the preparation and implementation of the Administrative Budget of the Fund. The Committee will also review the annual work programme of the Secretariat and proposed annual budget of the Fund, in accordance with paragraphs provisions 18 (j) and 23(e) of the Governing Instrument.

#### **I. Role and functions**

2. The role of the Budget Committee is to review and make recommendations to the Board on matters related to the administrative budget of the GCF.

3. In fulfilling this role, the Budget Committee will:

- (a) Review and make recommendations on the Fund's proposed annual administrative budget, including the budget implications of the annual presentation of the staffing structure and changes to the Human Resources (HR) policy guidelines;
- (b) Review and make recommendations on the execution of the annual expenditures of the administrative budget;
- (c) Review and make recommendations on financial reports and related documents submitted by the Interim Trustee of the GCF and the Permanent Trustee of the GCF, when appointed;
- (d) Cooperate with the Ethics and Audit Committee in relation to the annual audits of the GCF; and
- (e) Consider any other matters related to the administrative budget of the GCF as referred to the Committee by the Board.

#### **II. Membership**

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4. The Budget Committee will comprise:
  - (a) Three developing country Board members or alternate Board members; and
  - (b) Three developed country Board members or alternate Board members.
5. The Chief Finance Officer will serve on the Committee as an ex officio member.
6. The Committee will be assisted by the Secretariat.
7. Members of the Committee will serve for a term of three years.

### III. Duration

8. The Budget Committee will be a standing committee of the Board.
9. Three years following its establishment, the Board will evaluate the TOR of the Budget Committee.

### IV. Guidelines of operations

10. Provisions will be put in place to manage actual and potential conflicts of interests.

### **\*DECISION B.12/36 (d): Term of Board Membership in the Budget Committee**

The Board, having reviewed the document GCF/B.12/25/Rev.01 titled “Term of Board Membership”,

- (d) Also decides, on an exceptional basis, without setting a precedent and for practical and pragmatic reasons only, that the current term of membership for the committees and groups referred to in paragraph (c) above and the Budget Committee established pursuant to decision B.12/37 will end on 31 December 2018;

(Note: The full text of decision B.12/36 is located under Rules of Procedure in this same Chapter VI, see DECISION B.12/36: Term of Board Membership )

## APPOINTMENTS COMMITTEE

### **DECISION B.12/08: Consultations on establishment of an Appointments Committee**

The Board,

- (a) Requests the Co-Chairs to consult with Board members and alternate Board members on the establishment of an Appointment Committee as a standing committee of the Board and to present, for consideration by Board, the outcomes of their consultations no later than the fifteenth meeting of the Board; and
- (b) Requests the Co-Chairs with the support of the Secretariat to summarize the outcome of their consultations and to propose a draft decision in a written *report to be transmitted to the Board in line with the Rules of Procedure of the Board*.

### **DECISION B.BM-2016/04 (a): Appointment of members to the Appointment Committee**

The Board, having reviewed document GCF/BM-2016/05 titled “Appointment of members to committees of the Board”:

- (a) Appoints as members of the Appointment Committee:
  - (i) Kate Hughes;
  - (ii) Diann Black-Layne; and
  - (iii) Lars Roth.

**DECISION B.BM-2016/01 (b): Appointment of members to the Appointment Committee**

The Board, having reviewed document GCF/BM-2016/01 titled “Appointment of members to Committees of the Board”:

- (b) Appoints as members of the Appointment Committee:
  - (i) Ayman M. Shasly.

**DECISION B.BM-2015/04: Appointment of members to the Appointment Committee**

The Board, through a decision taken between meetings on a no-objection basis: Appoints the following members and alternate members of the Board to the Appointment Committee, in accordance with the Terms of Reference as set out in Annex XV to decision B.09/14.

- (i) Ms. Aize Azqueta;
- (ii) Ms. Andrea Ledward;
- (iii) Mr. Jan Cedergren;
- (iv) Ms. Mariana Micozzi;
- (v) Mr. Nojibur Rahman; and
- (vi) Mr. Zaheer Fakir.

**\*DECISION B.09/14: Establishment/adoption of terms of reference for the Appointment Committee**

The Board at its Ninth Meeting, having reviewed document B.BM-2015/02 Establishment and Terms of Reference of the Appointment Committee:

- (a) Establishes the Appointment Committee as a committee of the Board in accordance with paragraphs 2 (g) and 30 of the Rules of Procedure of the Board;
- (b) Adopts the terms of reference of the Appointment Committee, as set out in Annex XV to this document;
- (c) Requests the Appointment Committee to present promptly upon its members being appointed, for consideration by the Board at its tenth meeting, the terms of reference for the Head of the Evaluation Unit, the Head of the Integrity Unit and the Head of the Redress Mechanism, the criteria for their selection, as well as details of the selection process to be conducted;
- (d) Agrees that an open, merit-based selection process should begin no later than the second quarter of 2015;
- (e) Requests the Secretariat to convene the first meeting of the Appointment Committee via videoconference as soon as practicable after the appointment of its members; and
- (f) Decides to take up at its eleventh meeting the establishment of a standing Board committee to assist the Board in the appointments, performance reviews, salary decisions and accountability of the Head of the Evaluation Unit, the Head of the Integrity Unit and the Head of the Redress Mechanism as well as the Executive Director.

Annex XV: Terms of reference of the Appointment Committee

**I. Role and functions**

1. The role of the Appointment Committee is to assist the Board in discharging its responsibilities, in accordance with the Governing Instrument, regarding the appointments of the Head of the Evaluation Unit, the Head of the Integrity Unit and the Head of the Redress Mechanism (collectively referred to as “Board-Appointed Officials”). Furthermore, the Committee will make recommendations for consideration by the Board regarding salary and accountability of the Board-Appointed Officials.
2. In fulfilling this role, the Appointment Committee will:

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- (a) Guide and monitor the processes for the selection and appointment of Board-Appointed Officials;
- (b) Recommend the terms of reference and selection criteria of Board-Appointed Officials for consideration and adoption by the Board, consistent with the provisions of the Governing Instrument and relevant policies, procedures and decisions of the Board;
- (c) Make recommendations to the Board regarding the appointment process for Board-Appointed Officials;
- (d) Make recommendations to the Board regarding remuneration and benefits payable to Board-Appointed Officials;
- (e) Recommend, for consideration and decision-taking by the Board, short-listed candidates for appointment as Board-Appointed Officials based on the selection and appointment processes undertaken;
- (f) Seek the recommendation of the Ethics and Audit Committee to the Board for the appointment of the Head of the Integrity Unit; and
- (g) Consider any other matters related to the selection and appointment of the Board-Appointed Officials that the Board deems appropriate.

### II. Membership

- 3. The Appointment Committee will comprise:
  - (a) Three members or alternate members of the Board from developing country Parties; and
  - (b) Three members or alternate members of the Board from developed country Parties.
- 4. Members of the Appointment Committee will serve for its duration as per paragraph 5.

### III. Duration

- 5. The Appointment Committee will be an ad hoc committee of the Board, and shall function until the earlier of:
  - (a) The Board-Appointed Officials having been appointed by the Board;
  - (b) Its functions having been taken over by a standing committee of the Board; or
  - (c) The Board having decided to terminate the Appointment Committee.

### **\*DECISION B.06/08: Establishing a Committee to support certain Secretariat appointments**

The Board:

Requests the Secretariat to present to the seventh Board meeting a proposal, with draft terms of reference, to establish a Board committee to assist the Board in the appointments, performance reviews, salary decisions and accountability of the Head of the Independent Evaluation Unit, the Head of the Independent Integrity Unit and the Head of the Independent Redress Mechanism Unit as well as the Executive Director.

## RISK MANAGEMENT COMMITTEE

### **DECISION B.22/01 (b): Appointment of member to the Risk Management Committee**

The Board:

- (b) Also appoints Mr. Ali Gholampour as a member of the Risk Management Committee, effective immediately, for the remainder of the current term.

### **DECISION B.BM-2019/02 (g): Appointment of members to the Risk Management Committee**

The Board, having considered the document GCF/BM-2019/04 titled "Appointment of members to committees and group of the Board":

- (g) Appoints as members of the Risk Management Committee, for a term starting on 1 January 2019:
  - (i) Mr. Roelof Buffinga;

- (ii) Mr. Munenari Nomura;
- (iii) Mr. Wenxing Pan;
- (iv) Mr. Cyril Rousseau; and
- (v) Mr. Cheikh Ndiaye Sylla.

**DECISION B.BM-2017/04 (b): Appointment of members to the Risk Management Committee**

The Board, having reviewed document GCF/BM-2017/05 titled “Appointment of Members to the Budget Committee and the Risk Management Committee”:

- (b) Appoints Mr. Mamadou Honadia as member of the Risk Management Committee, for the remainder of the current term for members of the Risk Management Committee, starting on the date of adoption of this decision

**DECISION B.12/36 (c) and (d): Term of Board Membership in the Risk Management Committee**

The Board, having reviewed the document GCF/B.12/25/Rev.01 titled “Term of Board Membership”,

- (c) Decides that the term of membership for members and alternate members of the Board appointed to the Accreditation Committee, the Investment Committee, the Risk Management Committee and the Private Sector Advisory Group will be three years;
- (d) Also decides, on an exceptional basis, without setting a precedent and for practical and pragmatic reasons only, that the current term of membership for the committees and groups referred to in paragraph (c) above and the Budget Committee established pursuant to decision B.12/37 will end on 31 December 2018;

(Note: The full text of decision B.12/36 is located under Rules of Procedure in this same Chapter VI, see DECISION B.12/36: Term of Board Membership)

**DECISION B.12/01 and B.12/02: Appointment of members to the Risk Management Committee**

The following appointments as members of the Risk Management Committee were made by the Board:

Mr. Carlos Raúl Delgado Aranda;  
Mr. Yingming Yang.

**DECISION B.BM-2016/04 (e): Appointment of member to the Risk Management Committee**

The Board, having reviewed document GCF/BM-2016/05 titled “Appointment of members to committees of the Board”:

- (e) Also appoints Maria de los Angeles Gonzalez Miranda as member of the Risk Management Committee, for a term starting on 8 July 2015<sup>307</sup>

### **DECISION B.11/14(b): Appointment of members to the Risk Management Committee**

The Board, having reviewed document GCF/B.11/23 titled “Appointment of members to committees of the Board”:

- (b) Also appoints as members of the Risk Management Committee, for a term starting on 8 July 2015:
- (i) Mr. Arnaud Buisse;
  - (ii) Mr. Masaaki Iizuka; and
  - (iii) Mr. Jacob Waslander;

[Note: The remainder of the above decision is located under the respective Committee]

### **DECISION B.BM-2014/03: Appointment of members to the Risk Management Committee**

The Board, through a decision taken between meetings on a no-objection basis:

Appoints the following Board members/alternate members to the Risk Management Committee for its first term, in accordance with the Terms of Reference, as set out in Annex XVI to document GCF/B.05/23:

- (a) Mr. Irfa Ampri, Committee member;
- (b) Mr. Arnaud Buisse, Committee member;
- (c) Ms. Irene Jansen, Committee member;
- (d) Mr. David Kaluba, Committee member;
- (e) Mr. Tosi Mpanu Mpanu, Committee member;
- (f) Mr. Kentaro Ogata, Committee member.

### **\*DECISION B.05/13(a) and (b): Establishment and Terms of Reference for Risk Management Committee**

The Board, having reviewed document GCF/B.05/13 Terms of Reference and Establishment of Committees and Panels:

- (a) Establishes the Risk Management Committee as a committee of the Board in accordance with decision B.04/08 and paragraphs 2 (g) and 30 of the Rules of Procedure of the Board;
- (b) Adopts the Terms of reference of the Risk Management Committee as set out in Annex XVI to this document;

#### Annex XVI: Terms of reference of the Risk Management Committee

##### **I. Role and functions**

1. The role of the Risk Management Committee is to ensure the development of an appropriate risk management framework for the Fund, enabling the Fund to exert due diligence and manage its risks prudently.
2. In fulfilling this role, the Risk Management Committee will:
  - (a) Oversee the development and implementation by the Secretariat of a financial risk management framework, consistent with decision B.05/17. In a second stage, oversee the development and implementation of a risk management framework that covers other types of risks to the Fund. These will enable the Fund, including its Private Sector Facility (PSF), to systematically identify risks, contextualize them and manage them appropriately;
  - (b) Oversee and review a register of strategic risks across the Fund;

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<sup>307</sup> Given that the membership of Maria de los Angeles Gonzalez Miranda of the Board terminated on 8 March 2016, her successor, Carlos Raúl Delgado Aranda, was appointed by the Board as a member of the Risk Management Committee during the twelfth meeting of the Board on 8 March 2016.

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- (c) Monitor the management by the Secretariat of the Fund's overall risk profile, including the PSF, to confirm that the Fund is operating within Board-approved risk limits;
- (d) Review and provide recommendations on periodic risk management reports and/or notification of material breaches of risk limits or procedures, as provided by the Secretariat;
- (e) Review and provide recommendations on independent evaluations of the implementation of sound risk management practices by the Fund;
- (f) Support the Executive Director in ensuring the continuous development of a risk- and compliance-aware culture in the Fund; and
- (g) Consider any other risk-related matters the Board deems appropriate.

3. The Risk Management Committee will consider recommendations and advice provided to it by the Private Sector Advisory Group and the Investment Committee.

### II. Membership

4. The Risk Management Committee will comprise:

- (a) Three developing country Board members or alternate members; and
- (b) Three developed country Board members or alternate members.

5. The Executive Director may attend the meetings of the Risk Management Committee in an advisory capacity.

6. Members of the Risk Management Committee will serve for an initial term of 18 months.

### III. Duration

7. The Risk Management Committee will be a standing committee of the Board.

8. Three years following its establishment, the Board will evaluate the usefulness and continued necessity of the Committee.

### IV. Guidelines for operation

9. Provisions will be put into place to manage actual and potential conflicts of interest.

### **\*DECISION B.04/08 (j): Establishment of a Risk Management Committee**

The Board:

- (j) Decided that an appropriate risk management framework will be developed, enabling the Fund to exert due diligence and manage its risks prudently. For this purpose, the Board decided to establish a Risk Management Committee, and requested the Interim Secretariat to submit draft terms of reference for consideration by the Board at its September 2013 meeting, drawing on independent expertise;

(Note: The full text of decision B.04/08 is located under the section of Private Sector Facility in Chapter III, see \*DECISION B.04/08: Private Sector Facility/Private Sector Advisory Group/Risk Management Framework/Investment Committee)

## INVESTMENT COMMITTEE

### **DECISION B.22/01 (a): Appointment of members to the Investment Committee**

The Board:

- (a) Appoints Ms. Lorena Palomo as a member of the Investment Committee, replacing Mr. Ignacio Lorenzo Arana, effective immediately, for the remainder of the current term; and

### **DECISION B.BM-2019/02 (d): Appointment of members to the Investment Committee**

The Board, having considered the document GCF/BM-2019/04 titled "Appointment of members to committees and group of the Board":

- (d) Appoints as members of the Investment Committee, for a term starting on 1 January 2019:
  - (i) Mr. Nagmeldin Elhassan;
  - (ii) Mr. Norbert Goriben;

- (iii) Ms. Kate Hughes;
- (iv) Mr. Hans Olav Ibrenk;
- (v) Mr. Ignacio Lorenzo Arana; and
- (vi) Mr. Tlou Emmanuel Ramaru;

**DECISION B.BM-2018/11: Appointment of member to the Investment Committee**

The Board, having reviewed document GCF/BM-2018/13 titled “Appointment of member to the Investment Committee”:

Appoints Mr. Chris Tinning as member of the Investment Committee for the remainder of the current term for members of the Investment Committee, and starting on the date of adoption of this decision.

**DECISION B.BM-2018/04: Appointment of member to the Investment Committee**

The Board, having reviewed document GCF/BM-2018/04 titled “Appointment of members to the Investment Committee of the Board”:

Appoints Mr. Ignacio Lorenzo as member of the Investment Committee, for the remainder of the current term for members of the Investment Committee, starting on the date of adoption of this decision.

**DECISION B.BM-2016/04 (c): Appointment of members to the Investment Committee**

The Board, having reviewed document GCF/BM-2016/05 titled “Appointment of members to committees of the Board”:

- (c) Further appoints as members of the Investment Committee, for a term starting on 8 July 2015:
  - (i) Amjad Abdulla;
  - (ii) Nagmeldin Goutbi Elhassan; and
  - (iii) Christian Salas

**DECISION B.12/36 (c) and (d): Term of Board Membership in the Investment Committee**

The Board, having reviewed the document GCF/B.12/25/Rev.01 titled “Term of Board Membership”,

- (c) Decides that the term of membership for members and alternate members of the Board appointed to the Accreditation Committee, the Investment Committee, the Risk Management Committee and the Private Sector Advisory Group will be three years;
- (d) Also decides, on an exceptional basis, without setting a precedent and for practical and pragmatic reasons only, that the current term of membership for the committees and groups referred to in paragraph (c) above and the Budget Committee established pursuant to decision B.12/37 will end on 31 December 2018;

(Note: The full text of decision B.12/36 is located under Rules of Procedure in this same Chapter VI, see DECISION B.12/36: Term of Board Membership)

**DECISION B.11/14(c): Appointment of members to the Investment Committee**

The Board, having reviewed document GCF/B.11/23 titled “Appointment of members to committees of the Board”:

- (c) Appoints as members of the Investment Committee, for a term starting on 8 July 2015:
  - (i) Mr. Frank Fass-Metz;
  - (ii) Ms. Kate Hughes; and
  - (iii) Mr. Atsuyuki Oike;

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[Note: The remainder of the above decision is located under the respective Committee]

### **DECISION B.06/02: Appointment of Board member to the Investment Committee**

The Board:

Appoints the following Board member to the Investment Committee for its first term, in accordance with the Terms of Reference as set out in Annex VII to document GCF/B.05/23:

Mr. Ewen McDonald, Committee member.

### **DECISION B.BM-2014/02: Appointment of members to the Investment Committee**

The Board, through a decision taken between meetings on a no-objection basis:

Appoints the following Board members/alternate members to the Investment Committee for its first term, in accordance with the Terms of Reference as set out in Annex XVII to document GCF/B.05/23:

- (a) Mr. Shri Dipak Dasgupta, Committee member;
- (b) Mr. Henrik Harboe, Committee member;
- (c) Mr. Rodrigo Rojo, Committee member;
- (d) Mr. Josceline Wheatley, Committee member;
- (e) Mr. Liang Ziqian, Committee member.

### **\*DECISION B.05/13(c) and (d): Establishment and Terms of Reference of the Investment Committee**

The Board, having reviewed document GCF/B.05/13 Terms of Reference and Establishment of Committees and Panels:

- (c) Establishes the Investment Committee as a committee of the Board in accordance with decision B.04/08 and paragraphs 2 (g) and 30 of the Rules of Procedure of the Board;
- (d) Adopts the Terms of reference of the Investment Committee as set out in Annex XVII to this document;

#### Annex XVII: Terms of reference of the Investment Committee

##### **I. Role and functions**

1. The role of the Investment Committee is to develop and review investment strategies and instruments and recommend their approval to the Board, in particular relating to the Private Sector Facility (PSF) and in accordance with the Fund's objectives and result areas, social and environmental safeguards and risk management framework.
2. In fulfilling this role, the Investment Committee will:
  - (a) Oversee the development by the Secretariat of the Fund's investment framework, consistent with decision B.05/17, for consideration by the Board;
  - (b) Review and make recommendations to the Board on implementing the investment strategy and financial instruments, including with regard to their economic viability and alignment and compliance with the Fund's objectives, social and environmental safeguards and risk management framework;
  - (c) Oversee and review periodic assessments by the Secretariat of the Fund's portfolios to ensure consistency with the Fund's investment strategy;
  - (d) Review and recommend for Board consideration proposed amendments to the Fund's investment-related policies and the use of various financial instruments; and
  - (e) Consider any other investment-related matters that the Board deems appropriate.
3. The Investment Committee will consider recommendations and advice provided to it by the Private Sector Advisory Group.

##### **II. Membership**

4. The Investment Committee will comprise:
  - (a) Three developing country Board members or alternate members; and

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- (b) Three developed country Board members or alternate members.
- 5. The Executive Director may attend the meetings of the Investment Committee in an advisory capacity.
- 6. Members of the Investment Committee will serve for an initial term of 18 months.

### III. Duration

- 7. The Investment Committee will be a standing committee of the Board.
- 8. Three years following its establishment, the Board will evaluate the usefulness and continued necessity of the Committee.

### IV. Guidelines for operation

- 9. Provisions will be put into place to manage actual and potential conflicts of interest.

### **\*DECISION B.04/08 (k): Establishment of an Investment Committee**

The Board:

- (k) Decided to establish an Investment Committee that will review investment proposals and instruments and recommend their approval in accordance with social and environmental safeguards and the Fund's objectives and the risk management framework. Requested the Interim Secretariat to submit draft terms of reference, taking into account delegating the appropriate level of final approval authority to the Committee, for consideration by the Board at its September 2013 meeting, drawing on independent expertise;

(Note: The full text of decision B.04/08 is located under the section of Private Sector Facility in Chapter III, see \*DECISION B.04/08: Private Sector Facility/Private Sector Advisory Group/Risk Management Framework/Investment Committee)

## ETHICS AND AUDIT COMMITTEE

### **DECISION B.BM-2019/02 (c): Appointment of members to the Ethics and Audit Committee**

The Board, having considered the document GCF/BM-2019/04 titled "Appointment of members to committees and group of the Board":

- (c) Further appoints as members of the Ethics and Audit Committee, for a term starting on 1 January 2019:
  - (i) Mr. Wael Aboul Magd;
  - (ii) Mr. Nauman Bhatti;
  - (iii) Mr. Mathew Haarsager;
  - (iv) Mr. Cyril Rousseau;
  - (v) Mr. Stefan Schwager; and
  - (vi) Mr. Ayman M. Shasly;

### **DECISION B.BM-2016/15: Appointment of member to the Ethics and Audit Committee**

The Board, having reviewed document GCF/BM-2016/15 titled "Appointment of Member to the Ethics and Audit Committee of the Board":

Appoints Mr. Nauman Bhatti as member of the Ethics and Audit Committee, for a term starting on the date of adoption of this decision.

### **DECISION B.11/14(a): Appointment of members to the Ethics and Audit Committee**

The Board, having reviewed document GCF/B.11/23 titled "Appointment of members to committees of the Board":

- (a) Further appoints Ms. Ludovica Soderini as member of the Ethics and Audit Committee, for a term starting on the date of adoption of this decision;

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### **\*DECISION B.05/13(e), (f), (g), (l) and (m): Establishment and Terms of Reference of the Ethics and Audit Committee**

The Board, having reviewed document GCF/B.05/13 Terms of Reference and Establishment of Committees and Panels:

- (e) Establishes the Ethics and Audit Committee as a committee of the Board in accordance with paragraphs 2 (g) and 30 of the Rules of Procedure of the Board;
- (f) Adopts the Terms of reference of the Ethics and Audit Committee as set out in Annex XVIII to this document;
- (g) Appoints the following Board members/alternate members as members of the Ethics and Audit Committee for its first term:
  - a. Mr. Omar El-Arini, Committee member;
  - b. Ms. Ana Fornells de Frutos, Committee member;
  - c. Ms. Beata Jaczewska, Committee member;
  - d. Mr. Matthew Kotchen, Committee member;
  - e. Mr. Ayman M. Shasly, Committee member; and
  - f. Mr. Kwang-Yeol Yoo, Committee member;
- (l) Requests the Secretariat to convene the first meeting of the Ethics and Audit Committee and the Private Sector Advisory Group, in consultation with their respective Chairs, via videoconference prior to the first meeting of the Board in 2014; and
- (m) Invites the Ethics and Audit Committee and Private Sector Advisory Group to develop and present to the Board, at its first meeting in 2014, agreed work plans for their first 12 months of operation, which should take into account the Terms of reference, as set out in Annexes XVIII and XIX to this document, respectively.

#### Annex XVIII: Terms of reference of the Ethics and Audit Committee

##### **I. Role and functions**

1. The role of the Ethics and Audit Committee is to consider and provide guidance on issues of conflict of interest, confidentiality, ethics, financial management, procurement and other audit functions as they relate to the Board of the Fund.
2. The Executive Director will put in place structures that consider and provide guidance on issues of conflict of interest, confidentiality, ethics, financial management, procurement and other audit functions as they relate to the Secretariat.
3. In fulfilling this role, the Ethics and Audit Committee will:
  - (a) Oversee the development of a draft Board policy on transparency, ethics and conflict of interest, including the issue of confidentiality, for consideration by the Board in 2014;
  - (b) Oversee the implementation of, and compliance with, the Board policy on ethics and conflict of interest, including by providing recommendations on any breaches of the policy;
  - (c) Provide guidance on the development and review implementation of, and compliance with, the Fund's comprehensive information disclosure policy;
  - (d) Provide recommendations for the establishment of the Fund's Independent Integrity Unit and independent redress mechanism;
  - (e) Provide advice to the Board on policy and strategy matters relating to financial reporting and audit requirements for the Fund;
  - (f) Review and make recommendations to the Board on audits of the administrative budget, as necessary;
  - (g) Review and make recommendations to the Board on external audit reports; and
  - (h) Consider any other matters the Board deems appropriate.

##### **II. Membership**

5. The Ethics and Audit Committee will comprise:
  - (a) Three developing country Board members or alternate members; and

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- (b) Three developed country Board members or alternate members.

### III. Duration

6. The Ethics and Audit Committee will be a standing committee of the Board.

### IV. Guidelines for operation

7. Provisions will be put into place to manage actual and potential conflicts of interest.

## PERFORMANCE OVERSIGHT COMMITTEE OF THE EXECUTIVE DIRECTOR AND HEADS OF INDEPENDENT UNITS

### DECISION B.22/04: Performance Oversight of the Heads of Independent Units/Firm to support the Performance Oversight Committee

(Note: The full text of Decision B.22/04 could be found under section Heads of the Accountability Units of Chapter IV – Accountability Units, see \*DECISION B.23/05: Reappointment of the Heads of the GCF's Independent Units

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

- (g) Takes note of the report of the Performance Oversight Committee as contained in annex IV;
- (h) 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:
- (iv) Independent Integrity Unit;
  - (v) Independent Evaluation Unit; and
  - (vi) Independent Redress Mechanism Unit;
- (i) 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;
- (j) 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;
- (k) 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
- (l) 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:
- (d) Assisting the Co-Chairs in negotiating and concluding the terms of contract with the reappointed Heads of Independent Units;

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- (e) 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
- (f) 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.

(Note: Annex IV mentioned in Decision B.23/05 is of a limited distribution).

*DECISION B.22/04: Performance Oversight of the Heads of Independent Units/Firm to support the Performance Oversight Committee)*

### **DECISION B.BM-2019/02 (e): Appointment of members to the Performance Oversight Committee**

The Board, having considered the document GCF/BM-2019/04 titled “Appointment of members to committees and group of the Board”:

- (e) Also appoints as members of the Performance Oversight Committee of the Executive Director and Heads of Independent Units, for a term starting on 1 January 2019:
  - (i) Mr. Nagmeldin Goutbi Elhassan;
  - (ii) Mr. Jorge Ferrer Rodriguez;
  - (iii) Mr. Hiroshi Matsuura; and
  - (iv) Mr. Josceline Wheatley;

### **\*DECISION B.21/13: Establishment and Terms of Reference of a Performance Oversight Committee of the Executive Director and Heads of Independent Units**

The Board, recalling decision B.17/12:

- (a) Establishes the Performance Oversight Committee of the Executive Director and Heads of Independent Units in accordance with paragraphs 2(g) and 30 of the Rules of Procedure of the Board;
- (b) Adopts the terms of reference of the Performance Oversight Committee of the Executive Director and Heads of Independent Units, as set out in annex XIV to this document;
- (c) Appoints the following Board members\* as members of the Performance Oversight Committee of the Executive Director and Heads of Independent Units for its initial term:
  - (i) [name of Co-Chair from developing country Parties];
  - (ii) [name of Co-Chair from developed country Parties];
  - (iii) [name of Board member from developing country Parties]; and
  - (iv) [name of Board member from developed country Parties].

\* The names of the Board members appointed as member of this Committee will be regularized at a later stage.

### **Annex XIV: Terms of reference of the Performance Oversight Committee of the Executive Director and Heads of Independent Units**

#### **I. Role and functions**

1. The role of the Performance Oversight Committee of the Executive Director and Heads of Independent Units (“Committee”) is to assist the Board in discharging its responsibilities regarding:
  - (a) The performance management of the Head of the Independent Evaluation Unit, the Head of the Independent Integrity Unit, the Head of the Independent Redress Mechanism and the Executive Director of the Secretariat of the Green Climate Fund (collectively referred to as “Board-Appointed Officials”);
2. In fulfilling the role set out in paragraph 1(a) above, the Committee will:
  - (a) Set the objectives of Board-Appointed Officials;
  - (b) Develop a procedure for performance review of Board-Appointed Officials by the Committee;

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- (c) Monitor the performance of Board-Appointed Officials;
- (d) Make recommendations to the Board regarding the performance reviews of Board-Appointed Officials;
- (e) Make recommendations to the Board regarding performance-based increment increases in payment for Board-Appointed Officials, in consultation with the Board's Budget Committee;
- (f) Consider any other matters related to the performance of Board Appointed Officials that the Board deems appropriate.

3. The Committee will co-ordinate with the Budgetary Committee on budgetary issues relating to Board-Appointed Officials.

### II. Membership

4. The Committee will comprise:

- (a) Current Co-Chairs of the Board
- (b) One Board member from developing country Parties; and
- (c) One Board member from developed country Parties.

5. Members of the Committee will serve for an initial term to end December 2018 and thereafter of 18 months with the exception of Co-Chairs who will serve on the Committee during their one-year Co-Chair term.

### III. Duration

6. The Committee will be a standing committee of the Board.

7. Three years following its establishment, the Board will evaluate the usefulness and continued necessity of the Committee.

### IV. Guidelines for operation

8. The General guidelines for operation of the Committee will apply to the conduct of business of the Committee, except as set out in these terms of reference or decided by the Board.

9. Provisions will be put in place to manage actual and potential conflicts of interest.

## PRIVATE SECTOR ADVISORY GROUP

### DECISION B.21/03: Private Sector Advisory Group - Extension of the term of the existing external members on an exceptional basis

(Note: Decision B.21/03 can be found under the Private Sector Facility section in Chapter III, see DECISION B.21/03: Private Sector Advisory Group - Extension of the term of the existing external members on an exceptional basis )

### DECISION B.05/13 (h) to (m): Establishment and Terms of Reference of the Private Sector Advisory Group

(Note: Paragraphs (h) to (m) of Decision B.05/13 can be found under the Private Sector Facility section in Chapter III, see \*DECISION B.05/13 (h) to (m): Establishment and Terms of Reference for the Private Sector Advisory Group /

## ACCREDITATION COMMITTEE

### DECISION B.BM-2019/02 (a): Appointment of members to the Accreditation Committee

The Board, having considered the document GCF/BM-2019/04 titled "Appointment of members to committees and group of the Board":

- (a) Appoints as members of the Accreditation Committee, for a term starting on 1 January 2019:
  - (i) Mr. Giza Gasper Martins;
  - (ii) Mr. Hans Olav Ibrekk;
  - (iii) Mr. Richard Muyungi;
  - (iv) Mr. Wenxing Pan;
  - (v) Ms. Paola Pettinari; and

(vi) Mr. Lars Roth;

**DECISION B.21/02: Appointment of a new member to the Accreditation Committee**

The Board:

Appoints Mr. Jeremiah G. Sokan as member of the Accreditation Committee for the remainder of the current term for members of the Accreditation Committee, starting on the date of adoption of this decision.

**DECISION B.BM-2018/08: Appointment of member to the Accreditation Committee**

The Board, having reviewed document GCF/BM-2018/10 titled “Appointment of member to the Accreditation Committee”:

Appoints Mr. Karma Tshering as member of the Accreditation Committee for the remainder of the current term for members of the Accreditation Committee, and starting on the date of adoption of this decision.

**DECISION B.BM-2016/01 (a): Appointment of members to the Accreditation Committee**

The Board, having reviewed document GCF/BM-2016/01 titled “Appointment of members to Committees of the Board”:

- (a) Appoints as members of the Accreditation Committee, for a term starting on 18 November 2015:
- (i) Diann Black-Layne; and
  - (ii) Yingming Yang.

**DECISION B.BM-2016/04 (d): Appointment of member to the Accreditation Committee**

The Board, having reviewed document GCF/BM-2016/05 titled “Appointment of members to committees of the Board”:

- (d) Appoints Richard Muyungi as member of the Accreditation Committee, for a term starting on 18 November 2015.

**DECISION B.12/36 (c) and (d): Term of Board Membership in the Accreditation Committee**

The Board, having reviewed the document GCF/B.12/25/Rev.01 titled “Term of Board Membership”,

- (c) Decides that the term of membership for members and alternate members of the Board appointed to the Accreditation Committee, the Investment Committee, the Risk Management Committee and the Private Sector Advisory Group will be three years;
- (d) Also decides, on an exceptional basis, without setting a precedent and for practical and pragmatic reasons only, that the current term of membership for the committees and groups referred to in paragraph (c) above and the Budget Committee established pursuant to decision B.12/37 will end on 31 December 2018;

(Note: The full text of decision B.12/36 is located under Rules of Procedure in Chapter VI, see DECISION B.12/36: Term of Board Membership )

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**\*DECISION B.07/02 (e), (f), (h): Adoption of the initial guiding framework for the Fund's accreditation process, initial fiduciary principles and standards, interim performance standards, and establishment of an Accreditation Committee and an Accreditation Panel**

The Board, having considered document GCF/B.07/02 Guiding Framework and Procedures for Accrediting National, Regional and International Implementing Entities and Intermediaries, Including the Fund's Fiduciary Principles and Standards and Environmental and Social Safeguards:

- (e) Establishes an Accreditation Committee comprised of four Board members\*or alternates in accordance with the terms of reference contained in Annex IV;
- (f) Invites the Board members in the team established in decision B.05/08, paragraphs (d) and (e), to serve as the Fund's Accreditation Committee for its first term, with [Name of Board member or alternate] as Chair and [Name of Board member or alternate] as Vice-Chair;
- (h) Adopts the terms of reference for the Fund's Accreditation Committee and Accreditation Panel contained in Annex IV and Annex V to this document, respectively;

Annex IV: Terms of reference of the Accreditation Committee

**I. Role and functions**

1. The role of the Accreditation Committee is to provide policy guidance to the Board on the Fund's evolving guiding framework for the accreditation process, enabling the Fund to enhance the efficiency and efficacy of the accreditation process.
2. In fulfilling this role, the Accreditation Committee will:
  - (a) Provide guidance on the development of policies and procedures for the Fund's guiding framework for the accreditation process; and
  - (b) Provide policy guidance to the Accreditation Panel to facilitate the accreditation process without interfering with the technical assessments of the Panel.
3. The Accreditation Committee will consider the recommendations and advice provided to it by the Accreditation Panel.

**II. Membership**

5. The Accreditation Committee will comprise:
  - (a) Two developing country Board members or alternate members; and
  - (b) Two developed country Board members or alternate members.
6. The Secretariat will attend the meetings of the Accreditation Committee in an ex-officio capacity.
7. Members of the Accreditation Committee will serve for an initial term of 18 months.

**III. Duration**

8. The Accreditation Committee will be a standing committee of the Board.
9. Three years following its establishment, the Board will evaluate the usefulness and continued necessity of the Committee.

**IV. Guidelines for operation**

10. All members of the Committee should disclose any actual, potential or perceived conflict of interest in relation to any of the activities, discussions and recommendations of the Committee, which will be duly recorded.
11. Furthermore, at the time of appointment, all members of the Committee will sign the oath contained in the Appendix.

Appendix: Oath to be taken by members of the Accreditation Committee

"I solemnly declare that I shall perform my duties as a member of the Accreditation Committee (the Committee) of the Green Climate Fund (the Fund), honourably, faithfully, impartially and conscientiously.

I further solemnly declare and promise that I shall disclose any financial interest or any other real or perceived conflict of interest in: the accreditation of subnational, national, regional and/or international intermediaries and IEs

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of the Fund; the consideration and provision of advice on best-practice fiduciary principles and standards and environmental and social safeguards; and, in general, in any other matter in connection with the fulfilment of the mandate of the Committee.

I shall refrain from participating in the consideration of accreditation applications or policy discussions where any financial interest or any other real or perceived conflict of interest may arise, or where any personal circumstance might be incompatible with the requirements of integrity and impartiality expected of a member of the Committee.

Subject to my responsibilities to the Committee, I shall not disclose, even after the termination of my functions, any confidential or proprietary information which is transferred to the Board, the Committee, the Accreditation Panel, or the Secretariat, or any other confidential information coming to my knowledge by reason of my duties for the Committee.”

Full name: \_\_\_\_\_

Date: \_\_\_\_\_

Signature: \_\_\_\_\_

(Note: The full text of decision B.07/02 can be found under the Accreditation Programme in Chapter II, see \*DECISION B.07/02: Adoption of the initial guiding framework for the Fund’s accreditation process, initial fiduciary principles and standards, interim performance standards, and establishment of an Accreditation Committee and an Accreditation Panel)

### WORK PLAN OF THE BOARD

#### **\*DECISION B.24/04: Adoption of Workplan of the Board for 2020-2023, and directions for work on various specified matters**

The Board, having considered document GCF/B.24/14/Rev.01 titled “Workplan of the Board for 2020 – 2023: Co-Chairs proposal”:

- (a) Endorses the policy cycle for 2020–2023, as set out in annex II;
- (b) Requests the Secretariat to report annually to the Board as part of the report on the activities of the Secretariat on the lessons learned in implementing the policy cycle, with the first report to be presented to the Board at its first meeting in 2021;
- (c) Adopts the workplan of Board for 2020–2023, as set out in annex III;
- (d) Requests the Co-Chairs to update the Board workplan upon adoption of the Strategic Plan for 2020–2023 and at the first Board meeting of each year;
- (e) Decides that, notwithstanding anything to the contrary in any previous Board decisions or their annexes, any pending Board mandates or reviews of policies, guidelines, frameworks or other similar documents adopted by the Board shall, unless otherwise specified in this decision, be considered by the Board in accordance with the workplan of the Board for 2020–2023, as set out in annex II, or as subsequently amended;
- (f) Requests the Secretariat and independent units to commence policy reviews to enable Board consideration of the matters as scheduled in the workplan;
- (g) Decides to consider the following matters under the Strategic Plan for 2020–2023, as requested pursuant to decisions B.19/05, paragraph (c); B.21/18, paragraph (t); and B.22/06, paragraph (d):
  - (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, as requested pursuant to decision B.17/08, paragraph (b);
  - (ii) Alternative policy approaches for the integral and sustainable management of forests, as requested pursuant to decisions B.12/07, paragraph (e); B.14/01, paragraph (e); and B.17/01, paragraph (b)(vii);
  - (iii) Mobilization of private sector finance to progress GCF forestry-related results areas, as requested pursuant to decisions B.12/07, paragraph (f); B.BM-2017/02; and B.17/01, paragraph (b)(xxi);

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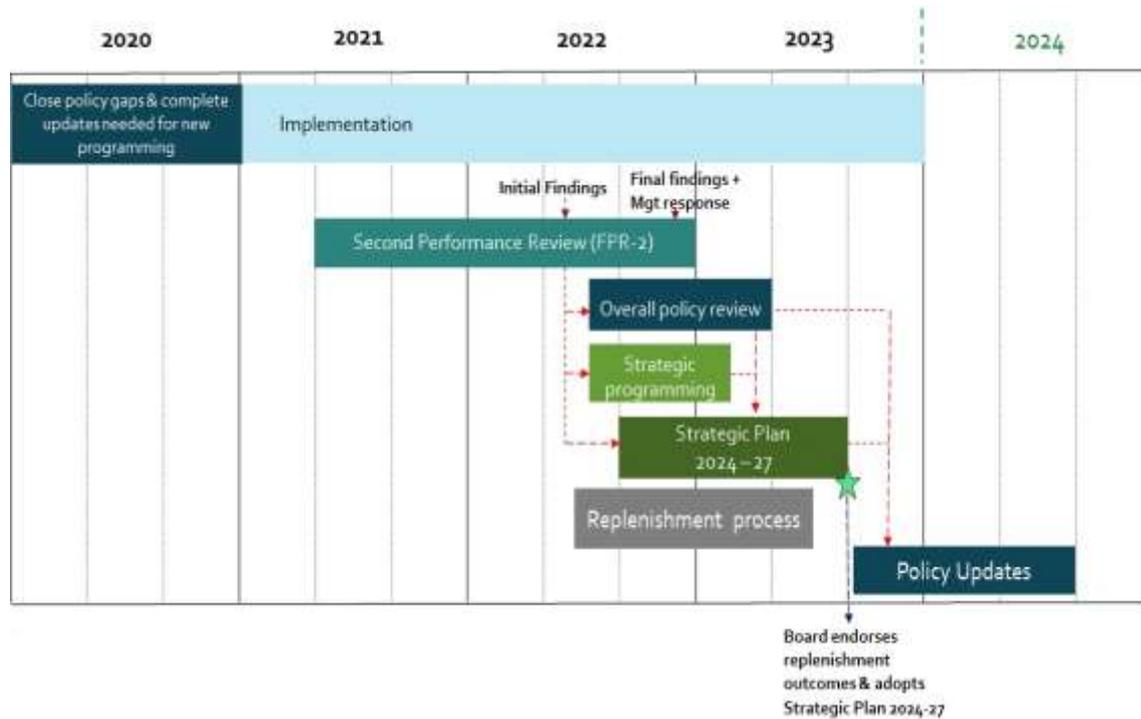
- (iv) Modalities to support activities to enable domestic and international private sector actors to engage in GCF activities in least developed countries and small island developing States, as requested pursuant to decisions B.19/18, paragraph (b); and B.20/03, paragraph (b)(vi);
- (v) Private Sector Advisory Group recommendations to engage the private sector, including local actors, in adaptation action at the national, regional and international levels, as requested pursuant to decisions B.15/03, paragraph (i)(ii); B.17/06, paragraph (d)(ii); and B.21/04, paragraph (c)(ii);
- (vi) Steps to enhance the climate rationale of GCF-supported activities, as requested pursuant to decision B.19/06, paragraph (d)(i);
- (vii) Terms of reference for a request for proposal to support climate technology incubators and accelerators, as requested pursuant to decision B.18/03, paragraph (c); and
- (viii) The updated operational framework on complementarity and coherence, as requested pursuant to decision B.20/05, paragraph (e);
- (h) Requests the respective committees to oversee the reviews set out below, with the support of the Secretariat or independent units as relevant, and, if action by the Board is required as a result of the review, to present recommendations to the Board for its consideration and approval. Specifically:
  - (i) The Investment Committee to review in 2020 and 2022 the financial terms and conditions of grants and concessional loans pursuant to the review mandated by decision B.BM-2019/08, paragraph (c);
  - (ii) The Investment Committee to review by 2021 the investment criteria indicators pursuant to the review mandated by decision B.19/07, paragraph (b);
  - (iii) The Risk Management Committee to review in 2020 the initial financial risk management framework pursuant to the review mandated by decision B.07/05, paragraph (f); and
  - (iv) The Risk Management Committee to review in 2020 the risk management framework (components I–VII) pursuant to the reviews mandated in the policies as adopted through decisions B.17/11, paragraph (a), and B.19/04, paragraph (a);
- (i) Also requests the Budget Committee to consider the initial analysis of options to minimize the effects of currency fluctuations on the commitment authority of the GCF, as requested pursuant to decision B.21/14, paragraph (j), and to present to the Board any recommended action for its consideration;
- (j) Further requests the Secretariat to develop the appropriate risk rating models with the support from an external professional service provider, as requested pursuant to decision B.17/11, paragraph (f), with the proviso to bring any recommendations requiring Board attention back to the Board;
- (k) Requests the Secretariat to conduct the review of the scaling pilot, as requested pursuant to decision B.10/17, paragraph (e), and decision B.12/18, in conjunction with the review of the investment criteria indicators, adopted pursuant to decision B.22/15, and to communicate its findings to the Investment Committee and the Board;
- (l) Decides that formal meetings of the Board will continue to be webcast live until otherwise decided by the Board; and
- (m) Requests the Co-Chairs, taking into account the report contained in limited distribution document GCF/B.24/Inf.15/Add.01, to prepare a proposal on the review of the effectiveness of the committees and group established by the Board for consideration by the Board at its twenty-fifth meeting.

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### Annex II: GCF policy cycle for 2020 – 2023

1. The policy cycle for the GCF over the first replenishment period is presented in figure 1.

**FIGURE 1: GCF POLICY CYCLE FOR 2020–2023**



2. Under the policy cycle:

- (a) **Year 1 (2020)** would be dedicated to closing policy gaps and completing and/or re-aligning existing mandates and any policy updates needed for programming in the new replenishment period;
- (b) **Year 2 (2021)** would allow for ongoing policy implementation and learning;
- (c) **Year 3 (2022)** would examine the performance, coherence and impact of GCF policies both through the Forward-Looking Performance Review of the GCF and an “overall policy review” based on the Secretariat’s experience working with partners on policy implementation. Building on the findings of the Forward-Looking Performance Review of the GCF, this review would more precisely identify any policy updates needed, to feed into the Board’s strategic planning; and
- (d) **Year 4+ (2023–2024)** would conclude the replenishment process and strategic planning for the next programming period, identifying priority policy updates. The Board could then start to consider and execute policy updates, with a view to having updated policies ready in time for or soon after the start of the new programming period.

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Annex III: Workplan of the Board for 2020-2023<sup>1</sup>

Key	
Items in red text	Current gaps
- Bulleted items	Components of the shaded item directly above
[In square brackets]	Items that are yet to be adopted but are on the B.24 agenda

**Table 1: Policy matters, programmes and processes**

	Items	2020	2021	2022	2023	2024
<b>I. Policy matters</b>						
Resource mobilization	Policies for contributions				Updated policies for contributions	
	Policy for contributions from alternative sources	Policy for contributions from alternative sources			Updated policy for contributions from alternative sources	
Accreditation framework	Accreditation framework	Updated accreditation framework				
	- [PSAA]					
	- Additional policy guidance for AMAs					
	- Legal & formal arrangements with AEs					
	Policy on fees and general principles					
	Monitoring and accountability framework					
Fiduciary standards	Fiduciary standards	Review initial Fiduciary Standards, including:				
	- AML-CFT Policy integration					

<sup>1</sup> The workplan as presented is built on existing Board mandates and practices as of the publication date of this document. It does not include proposals yet to be agreed by the Board, such as the 2020 work programme of the Independent Evaluation Unit, which, following Board approval, would be reflected in the subsequent update to the Board workplan.

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	Items	2020	2021	2022	2023	2024
	- Policy on the Prevention and Protection from SEAH integration	- AML-CFT integration				
	- Whistle-blower and Witness Protection Policy integration	- SEAH integration				
		- Whistle-blower and Witness Protection Policy integration				
Sustainability and gender	E&S management system		Adopt GCF ESS		Review E&S Policy	
	- Policy on the Prevention and Protection from SEAH integration		including Policy on the Prevention, and Protection from SEAH integration			
	Indigenous Peoples Policy				Review Indigenous Peoples Policy	
	[Updated Gender Policy]				Review Gender Policy	
Integrity policies	Prohibited Practices Policy				Review of the integrity policies	
	AML-CFT Policy					
	- AML-CFT standards					
	Whistle-blower and Witness Protection Policy					
	SEAH Policy					
	Administrative remedies and exclusions policy	Administrative remedies and exclusions policy				
Investment framework	Initial investment framework	Mapping eligibility & selection criteria			Review of the investment framework	
	- Activity-specific sub-criteria					
	- Investment criteria indicators					

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	Items	2020	2021	2022	2023	2024
	- Scaling pilot					
	- Incremental and full cost methodology	Incremental and full cost methodology				
	[Co-financing policy]					
	Policy on concessionality	Policy on concessionality				
	Financial terms and conditions of GCF financial instruments					
	Policy on Restructuring and Cancellation					
	Country ownership guidelines					
	Programmatic approach policy guidelines	Programmatic approach policy guidelines				
Risk management framework	(i) Risk register				Review of the risk management framework	
	(ii) Risk appetite statement					
	(iii) Risk dashboard					
	(iv) Risk guidelines for funding proposals					
	(v) Investment risk policy					
	(vi) Non-financial risk policy					
	(vii) Funding risk policy					
	(viii) Compliance risk policy					
	ix) Legal risk policy	Adopt legal risk policy				
	Financial risk management framework					

## Chapter VI: Operation of the Board

	Items	2020	2021	2022	2023	2024
Results management framework	Results management framework	Adopt updated results management framework, including addressing gaps in the current portfolio for measurement			Review of the results management framework	
	- GCF initial results areas					
	- Performance indicators of initial results areas					
	- Mitigation and adaptation PMF					
	- REDD-plus logic model and PMF					
	- Gaps for measurement in the portfolio					
Private Sector Facility (PSF) modalities	PSF modalities		Review initial PSF modalities			
Policies on ethics and conflicts of interest	For the Board					
	For External Members of the Green Climate Fund Panels and Groups					
	For Board-appointed officials of the Green Climate Fund					
	For the Executive Director of the Green Climate Fund Secretariat					
	For Active Observers of the Green Climate Fund					
Observers	Observer guidelines		Review guidelines on observer participation			
IDP	IDP		Review IDP			
	- Alignment with the ESMS		including alignment with the ESMS			

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	Items	2020	2021	2022	2023	2024
IUs	[Evaluation Policy]				Review Evaluation Policy	
	[Guidelines for the effective functioning of the IEU]	Guidelines for the effective functioning of IEU				
	Procedures & guidelines for the IRM					
Administration	Administrative policies of the GCF					
	- HR guidelines		Updated HR legal framework			
	- Staff salary structure (of January 2014)	Updated salary structure				
<b>II. Programmes</b>						
Readiness and Preparatory Support Programme	Readiness and Preparatory Support Programme (Readiness Programme)	Review and update Readiness Programme for 2020–2023 and funding allocation			Review and update Readiness Programme 2024–2027	
PPF	PPF	PPF evaluation and review				
RFPs	Enhancing direct access RFP	Review of RFPs and funding allocations			Review of RFPs and funding allocations	
	Micro, small and medium-sized enterprises RFP					
	Mobilizing funds at scale RFP					
	REDD-plus RFP					
	Support for technology RFP					
<b>III. Governance and processes</b>						
Performance reviews,	Performance review			Second GCF performance review and management		

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	Items	2020	2021	2022	2023	2024
programming and replenishment				response		
	Policy review			Overall review of fund policies		
	Replenishment process			Initiate replenishment	Consider replenishment outcomes	
	Strategic programming			Strategic programming for replenishment		
	Strategic Plan				Adopt Strategic Plan 2024–2027	
Proposal Approval Process (PAP)	PAP					
	- No objection procedure					
	Two-stage PAP			Options for two-stage PAP		
	Simplified Approval Process (SAP)	SAP review				
Evaluations and advisory reports	Evaluations	ESMS evaluations				
	Project evaluations	LORTA findings				
	Advisory reports	Two advisory reports				
Board processes	Rules of Procedure of the Board					
	Decision-making in the event that all efforts at reaching consensus have been exhausted					
	Decision-making without a Board meeting		Guidelines on decision-making without a Board meeting			
	Procedure for consideration of IRM reports	Procedure for consideration of IRM reports				

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	Items	2020	2021	2022	2023	2024
Committees, panels and groups	Committee TORs <sup>a</sup>	Review of committees, panels and groups				
	PSAG TOR					
	AP TOR and appointments	AP – performance review and appointments			AP – performance review and appointments	
	Independent TAP TOR	TAP – review of structure and operations				
	Independent TAP appointments		TAP – performance review and appointments			
Oversight of Board-appointed officials	TOR of IEU Head and appointment			IEU Head – performance review and appointment		
	TOR IIU Head and appointment			IIU Head – performance review and appointment		
	TOR of IRM Head and appointment			IRM Head – performance review and appointment		
	IU Head evaluation procedures	IU Head performance criteria and process for annual evaluations				
	ED TOR			ED – performance review and appointment		
	ED performance evaluation procedures					
IUs/Secretariat	Secretariat – IU arrangements		Secretariat – IU arrangements			
Foundational	Arrangements with the Conference of the Parties (COP)					

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	Items	2020	2021	2022	2023	2024
	Draft provisions for P&Is					
	Co-Chairs' proposal on P&Is		Co-Chairs' proposal on P&Is			
	Trustee TOR			Trustee TOR review		
	TOR for the external auditor					
	TOs for the IEU					
	TOR for the IIU					
	TOR for the IRM					
<b>IV. OTHER</b>						
Adaptation approach	GCF support to adaptation	GCF support to adaptation				
<b>Agenda item count</b>	<b>Annual totals</b>	26	10	10	16	

Abbreviations: AEs = accredited entities, AMA = accreditation master agreement, AML-CFT = anti-money-laundering and countering the financing of terrorism, AP = Accreditation Panel, E&S = environmental and social, ED = Executive Director, ESMS = environmental and social management, ESS = environmental and social safeguards, HR = human resources, IDP = Information Disclosure Policy, IEU = Independent Evaluation Unit, IIU = Independent Integrity Unit, IRM = Independent Redress Mechanism, IUs = independent units, LORTA = learning-oriented real-time impact assessment, P&Is = privileges and immunities, PAP = proposal approval process, PMF = performance measurement framework, PPF = Project Preparation Facility, PSAA = project-specific assessment approach, PSAG = Private Sector Advisory Group, RFP = request for proposal, SAP = simplified approval process, SEAH = sexual exploitation, abuse and harassment, TAP = Technical Advisory Panel, TOR = terms of reference.

<sup>a</sup> Includes TORs for Accreditation Committee, Performance Oversight Committee of the Executive Director and Heads of Independent Units, Budget Committee, Ethics and Audit Committee, Investment Committee, and Risk Management Committee

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**Table 2: Mandates to be taken up under the 2020–2023 Strategic Plan or assigned to committees or the Secretariat**

<b>Matters to be taken up under the Strategic plan for 2020–2023</b>	
Taken up under the Strategic Plan 2020–2023	Steps to enhance climate rationale
	Complementarity and coherence framework
	Alternative approaches to management of forests
	Additional analysis of investment priority areas
	Private sector strategy
	Private sector engagement in least developed countries and small island developing States
	Private sector in adaptation action
	Private sector in forestry
<b>Assigned to the Secretariat, with the proviso to bring any recommendations requiring Board action back to the Board</b>	
Assigned to the Secretariat	Developing risk rating models
	Initial guidelines for country programmes
<b>Reviews to be overseen by committees, and, if action by the Board is required as a result of the reviews, the committees to present recommendations to the Board for its consideration and approval</b>	
Investment Committee	Review of the financial terms and conditions of grants and concessional loans in 2020 and 2022
	Review of the investment criteria indicators by 2021
Risk Management Committee	Review of the initial financial risk management framework in 2020
	Review of the risk management framework (components I–VII) in 2020
<b>To be considered by committee for the committee to present to the Board any recommended action for its consideration</b>	
Budget Committee	The initial analysis of options to minimize currency fluctuations in 2020

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**Table 3: Standard items addressed across the three Board meetings each year**

	First Board meeting	Second Board meeting	Third Board meeting
<b>Approvals</b>	Funding proposals	Funding proposals	Funding proposals and PSAA proposals (expected from B.27)
	Accreditation proposals	Accreditation proposals	Accreditation proposals
	Previous Board meeting report and noting Board decisions proposed between meetings	Previous Board meeting report and noting Board decisions proposed between meetings	Previous Board meeting report and noting Board decisions proposed between meetings
	Confirm dates of the next meeting	Confirm dates of the next meeting	Confirm dates of the next meeting
	Addressing guidance from the COP	GCF reports to the COP	Secretariat work programme and administrative budgets
		Dates of Board meetings of the following year and venues (Decision B.17/24, para. (c));	Workplans and budgets of the independent units
		Audited financial statements	Election of Co-Chairs
<b>Secretariat reports</b>	Secretariat activity reports, including: <ul style="list-style-type: none"> <li>· Implementation of the Secretariat’s work programme;</li> <li>· Legal and formal arrangements with AEs;</li> <li>· Execution of the administrative budget</li> <li>· Status of the GCF pipeline, including PPF requests</li> <li>· Status of the GCF portfolio: approved projects and fulfilment of conditions</li> <li>· Status of GCF resources</li> </ul>	Secretariat activity reports, including: <ul style="list-style-type: none"> <li>· Implementation of the Secretariat’s work programme;</li> <li>· Legal and formal arrangements with AEs;</li> <li>· Execution of the administrative budget</li> <li>· Status of the GCF pipeline, including PPF requests</li> <li>· Status of the GCF portfolio: approved projects and fulfilment of conditions</li> <li>· Status of GCF resources</li> </ul>	Secretariat activity reports, including: <ul style="list-style-type: none"> <li>· Implementation of the Secretariat’s work programme;</li> <li>· Legal and formal arrangements with AEs;</li> <li>· Execution of the administrative budget</li> <li>· Status of the GCF pipeline, including PPF requests</li> <li>· Status of the GCF portfolio: approved projects and fulfilment of conditions</li> <li>· Status of GCF resources</li> </ul>

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	First Board meeting	Second Board meeting	Third Board meeting
	· Draft audited financial statements	Annual assessment of the application of the country ownership guidelines	Annual portfolio performance report
	· Annual report on the implementation of the Policy on the Prevention and Protection from SEAH		
	· Annual report on lessons learned implementing the 2020–2023 policy cycle (expected from 2021)		
	· Annual report on the implementation of the Readiness and Preparatory Support Programme strategy		
	· Annual report on the implementation of the Strategic Plan		
<p>2020 only</p> <p>Secretariat reports with the proviso to bring any recommendations requiring a Board decision back to the Board</p>	<p>Consideration of assessments on: Review of progress on the implementation of the Readiness and Preparatory Support Programme, including:</p> <ul style="list-style-type: none"> <li>- Actions taken and progress achieved by countries on the implementation and outcomes of approved readiness activities</li> <li>- A reassessment of the per year, per country readiness commitments to individual countries</li> <li>- Impacts on the Readiness and Preparatory Support Programme, of Board decisions taken on the:</li> </ul> <p>(1) First formal replenishment of the GCF;</p> <p>(2) Review of the accreditation framework;</p>		<p>Further guidance on the Secretariat's recommendation on the consistency of conditions attached to funding proposals with the GCF policies (decision B.16/02, para. (1))</p>

## Chapter VI: Operation of the Board

	First Board meeting	Second Board meeting	Third Board meeting
	(3) Recommendations from the independent evaluation of the Readiness and Preparatory Support Programme; (Decision B.22/11, para. (j))		
	Cost-benefit analysis for Board meetings held outside GCF Headquarters, and options for engaging with stakeholders and realities in developing countries		
Independent unit reports	Activity reports of the IEU, IIU, IRM and IAP	Activity reports of the IEU, IIU and IRM	Activity reports of the IEU, IIU and IRM
Board reports	Co-Chairs report, including the updated Board workplan for 2020–2023 with COP guidance incorporated	Co-Chairs report	Co-Chairs report
	Reports from committees, panels and groups	Reports from committees, panels and groups	Reports from committees, panels and groups
			Co-Chairs presentation of agenda items for Board meetings of the following year
Agenda item count	<b>First Board Meeting total: 9</b>	<b>Second Board Meeting total: 10</b>	<b>Third Board Meeting total: 13</b>

Abbreviations: COP = Conference of the Parties (to the United Nations Framework Convention on Climate Change), IAP = Information Appeals Panel, IEU = Independent Evaluation Unit, IIU = Independent Integrity Unit, IRM = Independent Redress Mechanism, PSAA = project-specific assessment approach, SEAH = sexual exploitation, abuse and harassment.

### **DECISION B.23/02 (a) and (b): Updated Workplan of the Board for 2019**

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;

(Note: Annex I to decision B.23/02 can be found at the following link:

[https://www.greenclimate.fund/documents/20182/1674504/GCF.B.23.23\\_-\\_Decisions\\_of\\_the\\_Board\\_\\_twenty-third\\_meeting\\_of\\_the\\_Board\\_\\_6\\_\\_8\\_July\\_2019.pdf/de0260d1-736f-0dbf-695c-06684f805ad9](https://www.greenclimate.fund/documents/20182/1674504/GCF.B.23.23_-_Decisions_of_the_Board__twenty-third_meeting_of_the_Board__6__8_July_2019.pdf/de0260d1-736f-0dbf-695c-06684f805ad9)

### **DECISION B.22/02: Updated Workplan of the Board for 2019**

The Board, having considered document GCF/B.22/09/Add.01 titled “Report on the activities of the Co-Chairs – Addendum I: Updated workplan of the Board for 2019

- (a) Welcomes the guidance from the Conference of the Parties at its twenty-fourth session, in particular, decision -/CP.24,<sup>1</sup> “Report of the Green Climate Fund to the Conference of the Parties and guidance to the Green Climate Fund”;
- (b) Requests the Co-Chairs, with the support of the Secretariat, to include in the GCF annual report to the Conference of the Parties information on progress made in response to the guidance;
- (c) Adopts the revised workplan of the Board for 2019, as contained in annex I;
- (d) Decides to defer the consideration of policies and procedures for contributions from philanthropic foundations and other non-public and alternative sources to the workplan for 2020; and
- (e) Further decides to defer the review of the Project Preparation Facility to the twenty-fifth meeting of the Board and urges the Independent Evaluation Unit to complete its evaluation for consideration by the Board.

(Note: Annex I to decision B.22/02 can be found at the following link:

[https://www.greenclimate.fund/documents/20182/1424894/GCF.B.22.24\\_-\\_Decisions\\_of\\_the\\_Board\\_\\_twenty-second\\_meeting\\_of\\_the\\_Board\\_\\_25\\_\\_28\\_February\\_2019.pdf/1f2149d0-0bed-9b1e-9f14-0ca3e2a65b0a](https://www.greenclimate.fund/documents/20182/1424894/GCF.B.22.24_-_Decisions_of_the_Board__twenty-second_meeting_of_the_Board__25__28_February_2019.pdf/1f2149d0-0bed-9b1e-9f14-0ca3e2a65b0a)

### **DECISION B.21/04: Work Plan of the Board for 2019**

The Board, having considered document GCF/B.21/16 titled “Workplan of the Board for 2019”:

- (a) Approves the workplan of the Board for 2019, as set out in annex III;
- (b) Requests the Co-Chairs to update the workplan following each meeting of the Board;
- (c) 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 in 2019:
  - (i) The development of the risk management framework and its remaining components requested pursuant to decision B.17/11, paragraph (g);

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<sup>1</sup> Available at <[https://unfccc.int/sites/default/files/resource/cp24\\_auv\\_10c.pdf](https://unfccc.int/sites/default/files/resource/cp24_auv_10c.pdf)>. Decision numbers will be assigned in the forthcoming report of the session.

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- (ii) Opportunities to engage the private sector, including local actors, in adaptation action at the national, regional and international levels, requested pursuant to decision B.17/06, paragraph (d)(ii);
  - (iii) The detailed guidelines and procedures for the Independent Redress Mechanism, requested pursuant to decision B.13/24, paragraph (b);
  - (iv) The review of the live webcasting service for formal meetings of the Board, requested pursuant to decision B.BM-2018/07, paragraph (b);
  - (v) The proposed approach to developing the GCF environmental and social safeguards standards, requested pursuant to decision B.19/10, paragraph (c); and
  - (vi) The independent evaluation of the implementation of operational guidelines and the effectiveness of the Project Preparation Facility in order to draw lessons learned no later than the end of the initial resource mobilization period, requested pursuant to decision B.13/21, paragraph (e); and
- (e) Decides to consider in 2019 a proposal in response to the guidance from the Conference of the Parties to the United Nations Framework Convention on Climate Change at its twenty-third session regarding privileges and immunities, requested pursuant to decision B.19/02, paragraph (d).

(Note: Annex III to decision B.21/04 can be found at the following link:

[https://www.greenclimate.fund/documents/20182/1270184/GCF\\_B.21\\_34 - Decisions of the Board twenty-first meeting of the Board 17 20 October 2018.pdf/b57193ac-c7ee-5d50-f051-d56f5552a469](https://www.greenclimate.fund/documents/20182/1270184/GCF_B.21_34_-_Decisions_of_the_Board_twenty-first_meeting_of_the_Board_17_20_October_2018.pdf/b57193ac-c7ee-5d50-f051-d56f5552a469))

### **DECISION B.20/03: Updated Work Plan of the Board for 2018**

The Board, having considered document GCF/B.20/16 titled “Updated workplan of the Board for 2018”:

- (a) Takes note of the updated workplan of the Board for 2018, as set out in annex I;
- (b) 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 the earliest possible opportunity:
  - (vii) The development of a full set of policies relating to prohibited practices, anti-money-laundering and countering the financing of terrorism, requested pursuant to decision B.14/01, paragraph (e);
  - (viii) The development of the terms of reference for a request for proposal to support climate technology incubators and accelerators, requested pursuant to decision B.18/03, paragraph (c);
  - (ix) Guidance on the approach and scope for providing support to adaptation activities, requested pursuant to decision B.17/10, paragraph (c)(ii);
  - (x) The definition of the nature, scope and extent of second-level due diligence, requested pursuant to decision B.17/09, paragraph (o);
  - (xi) The development of risk-rating models, requested pursuant to decision B.17/11, paragraph (f); and
  - (xii) The development of modalities, based on the recommendations from the Private Sector Advisory Group, 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, requested pursuant to decision B.19/18, paragraph (b).

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(Note: Annex I to decision B.20/03 can be found at the following link:

[https://www.greenclimate.fund/documents/20182/1087995/GCF\\_B.20\\_25\\_-\\_Decisions\\_of\\_the\\_Board\\_twentieth\\_meeting\\_of\\_the\\_Board\\_1\\_4\\_July\\_2018.pdf/80c9b411-a25d-7106-00d6-5cf2c9d5cb15](https://www.greenclimate.fund/documents/20182/1087995/GCF_B.20_25_-_Decisions_of_the_Board_twentieth_meeting_of_the_Board_1_4_July_2018.pdf/80c9b411-a25d-7106-00d6-5cf2c9d5cb15) )

### **DECISION B.18/01: 2018 Work Plan of the Board and transmission of meeting documents**

The Board, having considered document GCF/B.18/21/Rev.01 titled “Work Plan of the Board for 2018: Proposal by the Co-Chairs”:

- (a) Approves the work plan of the Board for 2018, as set out in annex I<sup>1</sup>;
- (b) Requests the Co-Chairs to update the work plan following each meeting of the Board;
- (c) Reaffirms paragraph 18 of the Rules of Procedure that states the provisional agenda of each meeting of the Board shall be prepared by the Secretariat and distributed, with the approval of the Co-Chairs, at least 30 calendar days before the meeting of the Board in accordance with paragraph 18 of the Rules of Procedure;
- (d) Reaffirms paragraph 21 of the Rules of Procedure that states the Secretariat will transmit to Board members and alternate members the documentation relating to items on the provisional agenda at least 21 calendar days before the first day of the meeting scheduled, except in case of extraordinary meetings and in exceptional circumstances where, in the view of the Co-Chairs, a shorter period for the transmission of documentation is warranted;
- (e) Invites the Co-Chairs, in the case of exceptional circumstances which warrant periods less than 21 days for the transmission of documentation, to provide a timetable with the date by which the said documentation will be transmitted;
- (f) Requests the Executive Director of the Secretariat to take all necessary measures to ensure the timely preparation of documents to allow for the circulation of such documents as per the timelines identified in the Rules of Procedure as per paragraphs (c) and (d) above;
- (g) Decides that formal meetings of the Board will continue to be webcast live until the end of 2019;
- (h) Decides to consider the establishment of the Independent Appeals Panel requested pursuant to decision B.12/35, annex XXIX, paragraph 28, between the eighteenth and nineteenth meetings of the Board; and
- (i) Decides to consider the terms of reference for the independent evaluation of the Readiness and Preparatory Support Programme between the eighteenth and nineteenth meetings of the Board.

(Note: Annex I to decision B.18/01 can be found at the following link:

[https://www.greenclimate.fund/documents/20182/820027/GCF\\_B.18\\_23\\_-\\_Decisions\\_of\\_the\\_Board\\_eighteenth\\_meeting\\_of\\_the\\_Board\\_30\\_September\\_2\\_October\\_2017.pdf/b55d8183-005c-4518-91dc-152113506766](https://www.greenclimate.fund/documents/20182/820027/GCF_B.18_23_-_Decisions_of_the_Board_eighteenth_meeting_of_the_Board_30_September_2_October_2017.pdf/b55d8183-005c-4518-91dc-152113506766) )

### **DECISION B.17/01: Updated Work Plan of the Board for 2017**

The Board, having considered document GCF/B.17/Inf.09 titled “Report on the activities of the Co-Chairs” and GCF/B.17/Inf.09/Add.01 titled “Addendum to the report on the activities of the Co-Chairs: Updated work plan of the Board for 2017”:

- (a) Takes note of the updated Board work plan for 2017, as set out in annex I;

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<sup>1</sup> Annex I of decision B.18/01 was superseded by decision B.20/03 (see *DECISION B.20/03: Updated Work Plan of the Board for 2018*)

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- (b) 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 the earliest possible opportunity:
- (i) Work programmes of the committees, panels and groups of the Board, including the actions outlined in the strategic plan in their respective deliberations and work programmes, as appropriate, throughout the Initial Resource Mobilization period, requested pursuant to decision B.12/20, paragraph (f);
  - (ii) The GCF communications strategy, requested pursuant to decisions B.04/14 and B.13/25;
  - (iii) The report on the outcomes of the annual review of the financial terms and conditions of the GCF financial instruments, requested pursuant to decision B.15/05, paragraph (b);
  - (iv) Proposals on indicative minimum benchmarks as noted in decision B.14/07, paragraph (e);
  - (v) Recommendations on further steps to enhance cooperation and coherence with the Technology Executive Committee and the Climate Technology Centre and Network, requested pursuant to decision B.14/02, paragraph (d);
  - (vi) Options on how the GCF can support collaborative research and development in developing countries, requested pursuant to decision B.14/02, paragraph (f);
  - (vii) Alternative policy approaches for the integral and sustainable management of forests, requested pursuant to decisions B.12/07, paragraph (e) and B.14/01, paragraph (b);
  - (viii) Policies and procedures for contributions from philanthropic foundations and other non-public and alternative sources to the Initial Resource Mobilization process, requested pursuant to decisions B.11/05, paragraph (d) and B.14/01, paragraph (i);
  - (ix) A fund-wide Indigenous peoples' policy, requested pursuant to decision B.15/01, paragraph (a);
  - (x) The further development of some indicators in the performance measurement frameworks as contained in document GCF/B.13/26, titled "Further development of some indicators in the performance measurement frameworks", requested pursuant to decisions B.08/07, paragraph (b) and B.13/34;
  - (xi) The method and criteria for prioritization of entities applying for accreditation, requested pursuant to decision B.14/08, paragraph (d)(ii);
  - (xii) Modalities for the use of third-party evidence in the accreditation process, requested pursuant to decision B.14/08, paragraph (e)(i);
  - (xiii) An assessment, including a gap analysis, of the Adaptation Fund's Environmental and Social Policy (approved in November 2013 and amended in March 2016) and Gender policy (approved in March 2016) in line with the GCF interim environmental and social safeguards and gender policy with recommendations on their potential accreditation or fast-tracking, requested pursuant to decision B.14/08, paragraph (e)(iii);
  - (xiv) The review of funding for the Project Preparation Facility, requested pursuant to decision B.13/21, paragraph (f);
  - (xv) The outcome of the performance review of the members of the Accreditation Panel, requested pursuant to decision B.BM-2017/03, paragraph (e);

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- (xvi) The final report from the review of the independent Technical Advisory Panel's structure and effectiveness, requested pursuant to decision B.15/06, paragraph (c);
  - (xvii) Modalities for the qualitative and quantitative review of the webcasting service requested pursuant to decision B.12/35, paragraph (f);
  - (xviii) The approval of the revised terms of reference for the independent Redress Mechanism, requested pursuant to decisions B.13/24, paragraph (e), and B.15/12, paragraph (c);
  - (xix) The complete work plan and budget of the Independent Evaluation Unit for 2017, requested pursuant to decision B.16/07, paragraph (b);
  - (xx) The presentation of the outcome of the Co-Chairs' consultations and recommendations based on lessons learned from the current application of financial terms and conditions, requested pursuant to decision B.12/17, paragraph (c);
  - (xxi) The document on the mobilizing of private sector finance to progress the GCF forestry-related results areas, requested pursuant to decision B.14/01, paragraph (a); and
- (c) Decides, recalling decision B.12/39, paragraph (a), to approve the continued application of the corporate procurement guidelines on the use of consultants and the corporate procurement guidelines for goods and services, until the Board shall have approved the revised guidelines.

(Note: Annex I to decision B.17/01 can be found at the following link:

[https://www.greenclimate.fund/documents/20182/751020/GCF\\_B.17\\_21\\_-\\_Decisions\\_of\\_the\\_Board\\_seventeenth\\_meeting\\_of\\_the\\_Board\\_5\\_6\\_July\\_2017.pdf/95256895-d699-404e-b3c0-a46b2558ceaf](https://www.greenclimate.fund/documents/20182/751020/GCF_B.17_21_-_Decisions_of_the_Board_seventeenth_meeting_of_the_Board_5_6_July_2017.pdf/95256895-d699-404e-b3c0-a46b2558ceaf)

### **DECISION B.BM-2017/02: Work Plan of the Board for 2017**

The Board, having considered document GCF/BM-2017/02 titled "Work plan of the Board for 2017":

- (a) Approves the work plan of the Board for 2017, as set out in annex I<sup>1</sup>;
- (b) Requests the Co-Chairs to update the work plan following each meeting of the Board;
- (c) Decides that the interim risk and investment guidelines adopted pursuant to decision B.13/36, paragraph (a) will expire the earlier of
  - (i) the eighteenth meeting of the Board, or
  - (ii) the adoption of an updated set of risk policies and guidelines;
- (d) Also decides to defer the first annual dialogue with climate finance delivery channels to its seventeenth meeting; and
- (e) Further 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 to present them for consideration by the Board at the earliest possible opportunity:
  - (i) An operational framework on complementarity and coherence, which is also to form the basis for the cooperation of the Board with the Standing Committee on Finance requested pursuant to decision B.13/12;

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<sup>1</sup> Annex I of decision B.BM-2017/02 was superseded by Annex I approved by decision B.17/01 (see DECISION B.17/01: Updated Work Plan of the Board for 2017)

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- (ii) Options for the operationalization of the key elements of the operational framework on complementarity and coherence requested pursuant to decision B.13/12;
- (iii) Work programmes of the committees, panels, and groups of the Board that include the actions outlined in the Strategic Plan requested pursuant to decision B.12/20 (f);
- (iv) Mobilization of private sector finance to progress GCF forestry-related results areas requested pursuant to decision B.12/07, para. (f);
- (v) The report with recommendations on the outcomes of the review of the guidelines on observer participation requested pursuant to decision B.BM- 2016/11;
- (vi) The review of the GCF Gender policy and Gender action plan requested pursuant to decision B.12/16;
- (vii) The policy on fees for accredited entities requested pursuant to decision B.11/10;
- (viii) The policy regarding the cases in which the high-level concessional terms and the low-level concessional terms for public sector proposal will apply requested pursuant to decision B.12/17;
- (ix) The results from an analysis of barriers to crowding-in and maximizing the engagement of the private sector, and the Private Sector Advisory Group recommendations requested pursuant to decision B.13/05; and
- (x) The Private Sector Advisory Group recommendations on the development of a private sector outreach plan requested pursuant to decision B.13/05.

### **DECISION B.15/02: Extended Consultations on Outstanding Items in the 2016 Work Plan**

The Board, having considered document GCF/B.15/05 titled “Implementation of the 2016 work plan: status of Co-Chairs’ consultations”:

- (a) Decides to extend consultations on the mandates given to the Co-Chairs as contained in decisions B.12/08, B.12/11–13, B.13/05 and B.14/07; and
- (b) Requests the Co-Chairs with the support of the Secretariat to summarize the outcome of their consultations and to propose a draft decision in a written report to be transmitted to the Board at each meeting, in line with the Rules of Procedure of the Board.

### **DECISION B.14/01: Revisions to 2016 Work Plan of the Board**

The Board,

- (a) Decides to defer the consideration of the mobilization of private sector finance to progress the GCF forestry-related results areas to its sixteenth meeting and to include this item in the work plan for 2017 for consideration by the Board accordingly;
- (b) Also decides to defer the alternative policy approaches for consideration at its seventeenth meeting;
- (c) Further decides to defer the presentation and consideration of the risk and investment guidelines to its sixteenth meeting;
- (d) Decides to defer the consideration of the pilot programme on mobilizing resources at scale to its fifteenth meeting;
- (e) Notes that the Head of the Integrity Unit is to develop the full set of policies relating to prohibited practices, anti-money laundering and countering the financing of terrorism and present these to the Board for its consideration as early as feasible in 2017 as a matter of urgency;

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- (f) Further requests the Accreditation Committee in consultation with the Head of the Independent Integrity Unit to consider the best way to integrate such policies in the interim fiduciary standards, and present to the Board a proposal for its consideration as early as feasible in 2017 as a matter of urgency;
- (g) Decides to defer the review of the Gender policy and action plan to its sixteenth meeting;
- (h) Decides to conduct the review of the independent Technical Advisory Panel as part of the review of the initial proposal approvals process at B.15, in consultation with the Investment Committee;
- (i) Also decides to defer the consideration of the policies and procedures for contributions from philanthropic foundations and other non-public and alternative sources to the Initial Resource Mobilization process to its seventeenth meeting;
- (j) Also decides to defer the consideration of the approval of the administrative budget and work programme of the Secretariat for 2017-2019 to its fifteenth meeting;
- (k) Also decides to defer the consideration of the open competitive process for the selection of the permanent Trustee to its fifteenth meeting; and
- (l) Decides to continue its consideration of the operational guidelines for the simplified approval process in conjunction with the review of the initial approval process.

### **DECISION B.12/06: Work Plan of the Board for 2016**

The Board, having considered document GCF/B.12/03/Rev.01 titled “2016 Work Plan of the Board: proposal from the Co-Chairs”,

- (a) Approves the Work Plan of the Board for 2016, as set out in annex II to document GCF/B.12/03/Rev.01; and
- (b) Requests the Co-Chairs to update the Work Plan following each meeting of the Board

(Note: Annex II to document GCF/B.12/03/Rev.01 mentioned in decision B.12/06 can be found at the following link: [https://www.greenclimate.fund/documents/20182/184476/GCF\\_B.12\\_03\\_Rev.01\\_-\\_2016\\_Work\\_Plan\\_of\\_the\\_Board\\_Proposal\\_from\\_the\\_Co-Chairs.pdf/3bb56346-fde4-4141-b2c7-18029d98cfba](https://www.greenclimate.fund/documents/20182/184476/GCF_B.12_03_Rev.01_-_2016_Work_Plan_of_the_Board_Proposal_from_the_Co-Chairs.pdf/3bb56346-fde4-4141-b2c7-18029d98cfba) )

### **DECISION B.10/15: Items for consideration at the eleventh meeting of the Board**

The Board, having reviewed document GCF/B.10/18/Drf.02 Items for consideration at the eleventh meeting of the Board:

Requests the Co-Chairs to propose a provisional agenda for the eleventh meeting of the Board in consultation with their respective constituencies before 31 July 2015.

### **DECISION B.08/19: Work Plan of the Board for 2015**

The Board, having reviewed document GCF/B.08/28 Work Plan of the Board for 2015:

Requests the Co-Chairs to streamline the Work Plan of the Board for 2015, taking into consideration the comments made and decisions taken at the meeting.

### **DECISION B.07/10: Establishing Priorities for the eighth meeting of the Board**

The Board, having considered the workload of the Secretariat between the seventh and eighth meeting of the Board:

Requests the Co-Chairs to determine the priorities for the agenda of the eighth Board meeting in consultations with their constituencies, taking into account the outstanding issues listed in the footnote of document GCF/B.07/01/Rev.01, the work plan of the Board adopted in decision B.05/19, and the mandates emerging from the decisions adopted at its seventh meeting.

### **DECISION B.BM-2013/04: Work Plan of the Board for 2014**

The Board, through a decision taken between meetings on a no-objection basis:

- (a) Approves the Board's work plan for 2014, as set out in Annex I to this decision;
- (b) Approves the indicative timeline for the Board's work plan for 2014, as set out in Annex II to this decision, noting that the Board may adjust the timeline on a meeting-by-meeting basis;
- (c) Requests the Secretariat to prepare documents listed in Annex III to this decision for the first Board meeting in 2014.

(Note: Annexes I, II, and III mentioned in decision B.BM-2013/04 can be found at the following link:

[https://www.greenclimate.fund/documents/20182/24958/B.BM-2013\\_04\\_-\\_Work\\_Plan\\_of\\_the\\_Board\\_for\\_2014.pdf/193b74a2-0d10-45a7-b9f4-14823c719807](https://www.greenclimate.fund/documents/20182/24958/B.BM-2013_04_-_Work_Plan_of_the_Board_for_2014.pdf/193b74a2-0d10-45a7-b9f4-14823c719807) )

### **DECISION B.05/19: Work Plan of the Board for 2014**

The Board, having considered document GCF.B.05/20 Work Plan of the Board for 2014:

- (a) Takes note of the information presented in document GCF/B.05/20;
- (b) Requests the Secretariat to revise document GCF/B.05/20, taking into account the comments made by the Board, and to circulate it to the Board for a decision between meetings on a no-objection basis within two weeks from the end of this meeting.

### **DECISION B.02-12/03: Work Plan and Priorities of the Board for 2013**

The Board:

- (a) Agreed to take decisions with an aim to finalize the Fund's business model and consider each related matter in detail as part of the Board's work plan until the end of 2013;
- (b) Agreed in principle to the elements of the Board's work plan until the end of 2013, as set out in Annex IV to document GCF/B.02-12/03;
- (c) Agreed to the indicative priority matters in the work plan until the end of 2013, as set out in Annex III to this report;
- (d) Agreed to the indicative timeline for the Board's work plan until the end of 2013, as set out in Annex IV to this report, noting that the Board will manage the timeline on a meeting-by-meeting basis;
- (e) Agreed to the list of matters for consideration at its next meeting as outlined in Annex V to this report;
- (f) Requested the Interim Secretariat to prepare documents listed in Annex VI to this report for the first Board meeting in 2013;
- (g) Requested the team of six Board members/alternate members to facilitate the preparation of the documents on the business model framework. These Board members/alternate members are: Mr. Arnaud Buisse, Mr. Nick Dyer, Mr. Derek Gibbs, Mr. Kjetil Lund, Mr. Tosi Mpanu Mpanu and Ms. Adriana Soto.

(Note: Annexes III to VI mentioned in decision B.02-12/03 can be found at the following link:

[https://www.greenclimate.fund/documents/20182/24928/GCF\\_B.02-12\\_12\\_-\\_Decisions\\_of\\_the\\_Board\\_-\\_Second\\_Meeting\\_of\\_the\\_Board\\_18-20\\_October\\_2012.pdf/3db00d29-037e-4666-ba2b-71c5a5a1069d](https://www.greenclimate.fund/documents/20182/24928/GCF_B.02-12_12_-_Decisions_of_the_Board_-_Second_Meeting_of_the_Board_18-20_October_2012.pdf/3db00d29-037e-4666-ba2b-71c5a5a1069d) )

### **DECISION B.01-12/07: Board Work Plan and issues for consideration at its 2<sup>nd</sup> Meeting**

The Board agreed to consider at its next meeting the following issues:

1. Organization of work;
2. Summary of activities of the Co-Chairs;

3. Summary of activities of the Interim Secretariat;
4. Additional rules of procedure (including accreditation of observers and arrangements for active observers);
5. Selection of the host country of the Fund;
6. Arrangements for establishing the independent Secretariat, including the selection of the Executive Director;
7. Arrangements for the Interim Trustee;
8. Long-term work plan and priorities of the Board;
9. Administrative budget of the Interim Secretariat and the Interim Trustee;
10. Status of resources of the Fund;
11. Arrangements between the COP and the Fund;
12. Report to the COP.

### TRAVEL POLICY

#### **DECISION B.12/13: Consultations on the Travel Policy of the Fund**

The Board,

- (a) Requests the Co-Chairs to consult with a view to presenting, for consideration by the Board, the Travel policy of the Fund no later than its fourteenth meeting; and
- (b) Requests the Co-Chairs with the support of the Secretariat to summarize the outcome of their consultations and to propose a draft decision in a written report to be transmitted to the Board in line with the Rules of Procedure of the Board.

#### **DECISION B.04/18: Support for travel of advisors and alternates to meetings of the Board**

The Board:

Authorized the Interim Secretariat to provide from the administrative budget of the Fund the travel costs for the most direct and economical route associated with Board meetings of one designated adviser per eligible developing country Board member and alternate member.

#### **DECISION B.04/11 (c): Travel costs associated with Board meetings**

The Board at its Fourth Meeting, having reviewed document GCF/B.04./11, Participation of Advisers in Board Proceedings,

- (c) Decided to implement Option 2 as presented in paragraph 18 of document GCF/B.04/11 ('Funding would be provided from the administrative budget of the Fund for the travel costs associated with Board meetings of one designated adviser per eligible developing country Board member and alternate member') as the basis for providing funding for the participation of adviser travel to meetings of the Board until the adoption of the Fund's overall travel policy, and requested the Interim Secretariat to reflect this in the Fund's overall travel policy.

(Note: The full text of decision B.04/11 is located under Rules of Procedure in Chapter VI, see \*DECISION B.04/11: Additional rules of procedure - Guidelines on participation and conduct of advisors in Board meetings)

### **DECISION B.01-13/02: Interim Travel Policy**

The Board,

Mindful of the need for a comprehensive travel policy,

- (a) Decided that until the adoption of such policy, the full cost of travel and daily subsistence allowance<sup>1</sup> of the Board members and alternate members from eligible<sup>2</sup> developing countries to attend Board meetings, or any ancillary meetings decided by the Board, will be provided from the administrative budget of the Fund;
- (b) Further decided that the cost of travel and daily subsistence allowance of the Co-Chairs and Board members or alternate members nominated by the Board to represent the Fund will be provided from the administrative budget of the Fund, when traveling on Fund-related business, subject to authorization by the Board;
- (c) Noted that other than for travel and daily subsistence allowance, Board members and alternate members will not receive any compensation from the Fund for their participation in the meetings of the Board;
- (d) Decided to consider funding of travel expenses of advisers and/or active observers in the context of the Fund's overall travel policy; and
- (e) Requested the Interim Secretariat to present to it at its September 2013 meeting a working document setting out a draft travel policy for the Fund, for approval by the Board, to be applied for funding the travel of Board members, alternate members, advisers, active observers and staff of the independent Secretariat.

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<sup>1</sup> The rules applicable to travel of United Nations will be followed until the Board adopts the travel policy for the Fund and its officials.

<sup>2</sup> UNFCCC rules for determining eligibility of developing countries for availing the support for travel will be applied until the Board adopts the travel policy for the Fund.

## CHAPTER VII. THE SECRETARIAT

(Note: Annex IV of this Handbook contains the Secretariat’s organizational chart and its current staffing as of November 2019)

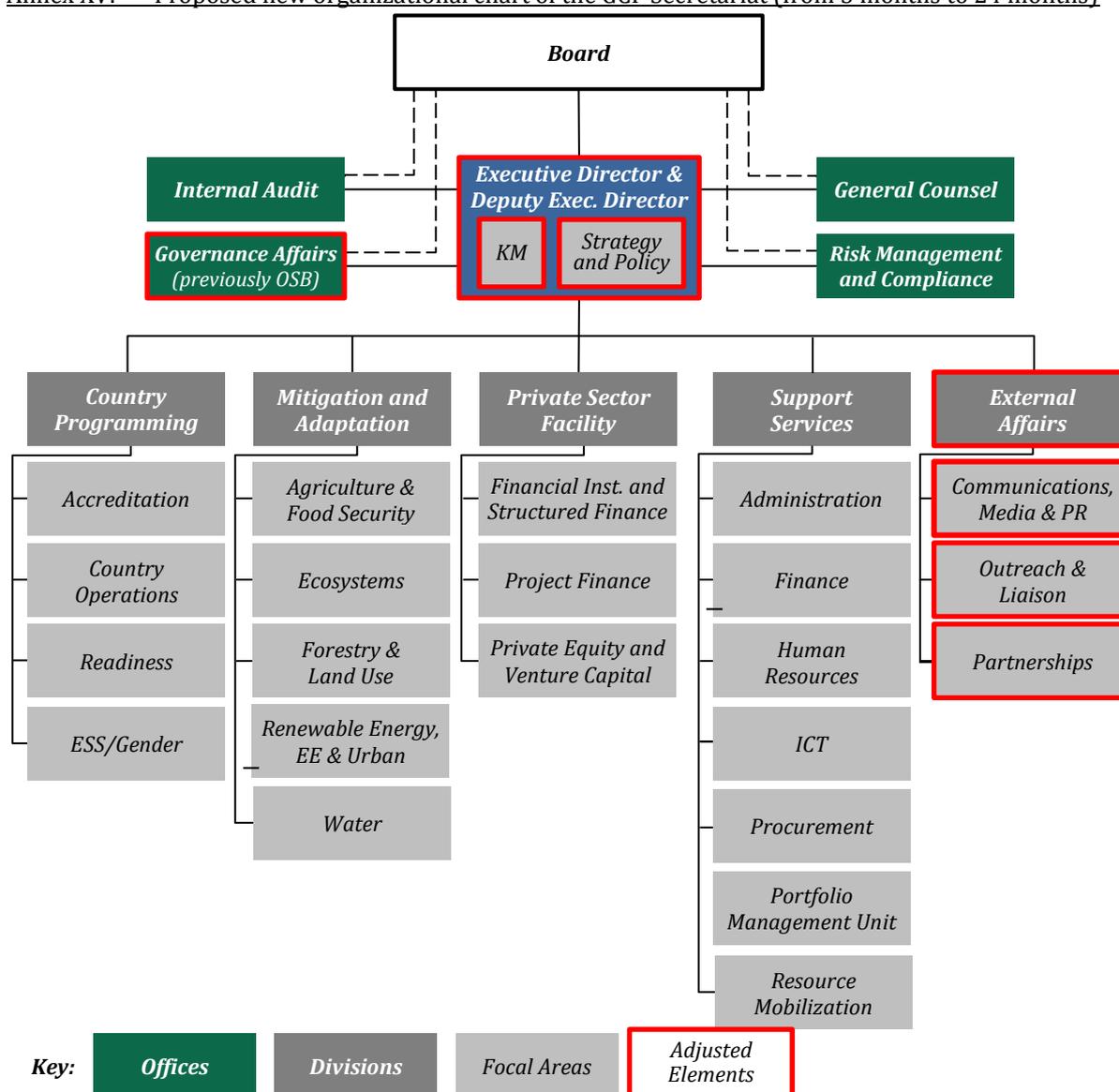
### STRUCTURE, STAFFING AND ORGANIZATION OF THE SECRETARIAT

#### \*DECISION B.18/11: Structure and Staffing of the Secretariat

The Board, having considered document GCF/B.18/10 titled “Structure and staffing of the Secretariat”:

- (a) Notes the contents of document GCF/B.18/10;
- (b) Agrees to and adopts the proposed headcount of full-time-equivalent employees of 250 for 2018; and
- (c) Agrees to and adopts the new proposed structure as shown in annex XV.

Annex XV: Proposed new organizational chart of the GCF Secretariat (from 3 months to 24 months)



Abbreviations: EE = energy efficiency, ESS = environmental and social safeguards, ICT = information and communications technology, KM = knowledge management, PR = public relations.

**DECISION B.17/20: Position of Deputy Executive Director**

The Board:

Expresses support for the proposal by the Executive Director for the position of a Deputy Executive Director.

**DECISION B.16/04: Staffing report of the Secretariat: Noted**

The Board, having considered document GCF/B.16/11 titled "Report on the status of the staffing of the Secretariat":

Notes the contents of the report

**\*DECISION B.13/26: Staffing of the Secretariat – Salary Scales**

The Board, having considered document GCF/B.13/20 titled "Status of staffing of the Secretariat – a progress report",

- (a) Takes note of the report;
- (b) Agrees that the salary scales of the International Staff in the Secretariat shall be updated to align with the salary scales of the Asian Development Bank in 2016;
- (c) Also agrees that the salary scales of the Administrative Services staff in the Secretariat shall be updated to align with the salary scale of the World Bank Group Korea Office in 2016;
- (d) Requests that future revisions will be based on an annual review of salary scales by the Secretariat that considers elements such as inflation and practices in relevant institutions, including in the Republic of Korea and the region, and subject to Board approval;
- (e) Agrees that any budgetary implications resulting from salary adjustments, shall be considered by the Budget Committee in line with its mandate to review and make recommendations on the budget implications of staffing changes, and be referred to the Board for its consideration of the budget;
- (f) Authorizes the Secretariat to offer individual salary progression, based on a satisfactory annual review of performance;
- (g) Notes section E, paragraph 10(1), of the Administrative guidelines on human resources, which states that: "The Executive Director sets the guidelines for the distribution of salary increases during the first quarter of each year. The guidelines include the levels of authority responsible for making salary increase recommendations for the various levels of staff"; and
- (h) Requests the Secretariat, in consultation with the Budget Committee, to present to the Board at its fourteenth meeting, additional measures to strengthen Secretariat capacity.

**DECISION B.12/27: Staffing of the Secretariat and additions to the administrative budget**

The Board having considered document GCF/B.12/15 titled "Revised administrative budget and staffing of the Secretariat for 2016",

- (a) Notes that the current workload is being carried out by a complement of 56 regular Secretariat staff and approximately 33 long-term consultants, and acknowledges that this situation is unsustainable and should be addressed as a priority;
- (b) Further notes the need to increase the number of regular staff in the Secretariat to an approximate total of 100 by the end of 2016 and to further increase to a total of approximately 140 by the end of 2017, taking into consideration the ability of the

- Secretariat to recruit and absorb the increasing staff numbers, following the appropriate processes;
- (c) Requests the Secretariat to consider filling new positions with internal candidates where appropriate, on a priority basis;
  - (d) Approves the following amounts additional to the approved administrative budget in decision B.11/08:
    - (i) USD 4,351,993 for staffing;
    - (ii) USD 1,562,855 in ancillary non-staff costs; and
    - (iii) USD 772,640 for the administrative budget of the Board;
  - (e) Notes that now the total administrative budget for 2016 will be USD 35,844,715, and takes note of the budgetary implications for future years;
  - (f) Recognizes the need for further guidance from the Board on some of the Secretariat's functions, inter alia, the appropriate level of due diligence for project proposals, and rationalization and streamlining of processes;
  - (g) Requests the Secretariat to provide a revised version of the annual presentation of the staffing structure to inform the Budget Committee, in its review and recommendations on budget implications for 2017 and 2018, by the thirteenth meeting of the Board;
  - (h) Also requests the Budget Committee to consult with the Secretariat and make recommendations on the administrative budgets for 2017 and 2018 by the fourteenth meeting of the Board;
  - (i) Authorizes the Secretariat to enter into contractual obligations, from the approved budget, to ensure the continuation of the operations of the Fund beyond the current financial period; and
  - (j) Agrees that for new decisions with additional budgetary implications, which may be taken at future Board meetings, the corresponding amounts will be considered by the Board to be added to the approved administrative budget.

**\*DECISION B.07/07: Structure of the Fund and Secretariat**

The Board, having reviewed document GCF/B.07/07/Rev.01 Structure of the Fund and the Secretariat:

- (a) Takes note of the document GCF/B.07/07/Rev.01 Structure of the Fund and the Secretariat;
- (b) Affirms the structure of the Fund and the Secretariat as reflected in the Governing Instrument, and the decisions of the Board and the Conference of the Parties listed in Annex XV;
- (c) Decides to undertake a review of the structure of the Fund and the Secretariat, no later than three years after the initial resource mobilization of the Fund;
- (d) Recognizes that the structure of the Fund, including that of the Private Sector Facility (PSF), is evolving. In this regard, the Board will fully implement decision B.04/08 on the PSF and decision B.04/09 on the structure and organization, taking into consideration the recommendations of the Private Sector Advisory Group on enhancing the structure of the PSF.

### Annex XV: Governing Instrument, and decisions of the Board and the Conference of the Parties to the United Nations Framework Convention on Climate Change reflecting the structure of the Fund and the Secretariat

The Cancun Agreements: Outcome of the work of the Ad Hoc Working Group on Long-term Cooperative Action under the Convention

Governing Instrument for the Green Climate Fund

Rules of Procedure of the Board

Decision 3/CP.17:	Launching the Green Climate Fund
Decision 6/CP.18:	Report of the Green Climate Fund to the Conference of the Parties and guidance to the Green Climate Fund
Decision 4/CP.19:	Report of the Green Climate Fund to the Conference of the Parties and guidance to the Green Climate Fund
Decision 5/CP.19:	Arrangements between the Conference of the Parties and the Green Climate Fund
Decision B.01-13/01:	Additional rules of procedure of the Board
Decision B.01-13/06:	Business model framework
Decision B.02-12/02:	Additional rules of procedure of the Board
Decisions B.04/02 and B.04/03:	Establishment of the independent Secretariat
Decision B.04/05:	Business model framework – Country Ownership
Decision B.04/08:	Business model framework – Private Sector Facility
Decision B.05/08:	Business model framework - Access
Decisions B.05/10 and B.05/11:	Establishment of the independent Secretariat
Decisions B.05/12 and B.05/13:	Committees and panels
Decision B.05/17:	Resource mobilization
Decision B.05/21:	Arrangements with the Interim Trustee
Decision B.06/03:	Administrative policies of the Fund
Decisions B.06/08 and B.06/09:	Terms of reference of the Independent Evaluation Unit, the Independent Integrity Unit, and the independent redress mechanism
Decision B.07/02:	Guiding framework and procedures for accrediting national, regional and international implementing entities and intermediaries, including the Fund's fiduciary principles and standards and environmental and social safeguards
Decision B.07/03:	Initial proposal approval process, including the criteria for programme and project funding
Decision B.07/04:	Initial results management framework of the Fund
Decision B.07/05:	Fund's financial risk management framework
Decision B.07/06:	Fund's investment framework
Decision B.07/08:	Initial modalities for the operation of the Fund's mitigation and adaptation windows and its Private Sector Facility

#### **DECISION B.05/11: Establishment of the Secretariat/authorization to initiate operations**

The Board, having considered document GCF/B.05/11 Progress Report on the Administrative Policies and Guidelines of the Independent Secretariat:

- (a) Approves with immediate effect, in accordance with the Governing Instrument, the establishment of the GCF Secretariat, as the fully independent secretariat foreseen in paragraph 19 of the Governing Instrument;
- (b) Authorizes the Executive Director to take all necessary actions and to make, on behalf of the Fund, necessary arrangements and contracts to facilitate the establishment and operations of the GCF Secretariat in the Republic of Korea in order to allow the Fund to perform its functions;

- (c) Authorizes the Executive Director to recruit, pending selection of staff through competitive procedures and their recruitment according to decision B.05/10, on a short-term temporary basis, staff and experts to assist her in her functions;
- (d) Requests the Secretariat to seek a legal opinion of the Office of Legal Affairs of the United Nations on whether, and if so, under which circumstances, the Fund might qualify for:
  - (i) an institutional linkage with the United Nations; and
  - (ii) a relationship agreement with the United Nations under which the officials of the Secretariat and other persons associated with the Fund can make use of the United Nations Laissez Passer;
- (e) Takes note of the plan for the preparation of the administrative policies and guidelines of the Secretariat, as presented in Section 3.2 of document GCF/B.05/11;
- (f) Requests the Executive Director to promulgate all administrative guidelines based on the authorization given to her through decision GCF/B.04/03, and to submit policies to the Board for approval.

**\*DECISION B.05/10: Initial Structure and Organization of the Secretariat**

The Board, having reviewed document GCF/B.05/10 Initial Structure and Staffing of the Secretariat:

- (a) Decides on the initial structure of the independent Secretariat, as set out in Annex XII to this document;
- (b) Takes note of the organizational diagram, showing the initial organization of the Secretariat in 2014, as presented in Annex XIII to this document;
- (c) Authorizes the Executive Director to recruit initial staff as presented in Annex XIV to this document;
- (d) Endorses the process and timeframe for implementing the proposed initial structure of the Secretariat, as set out in Annex XV to this document.

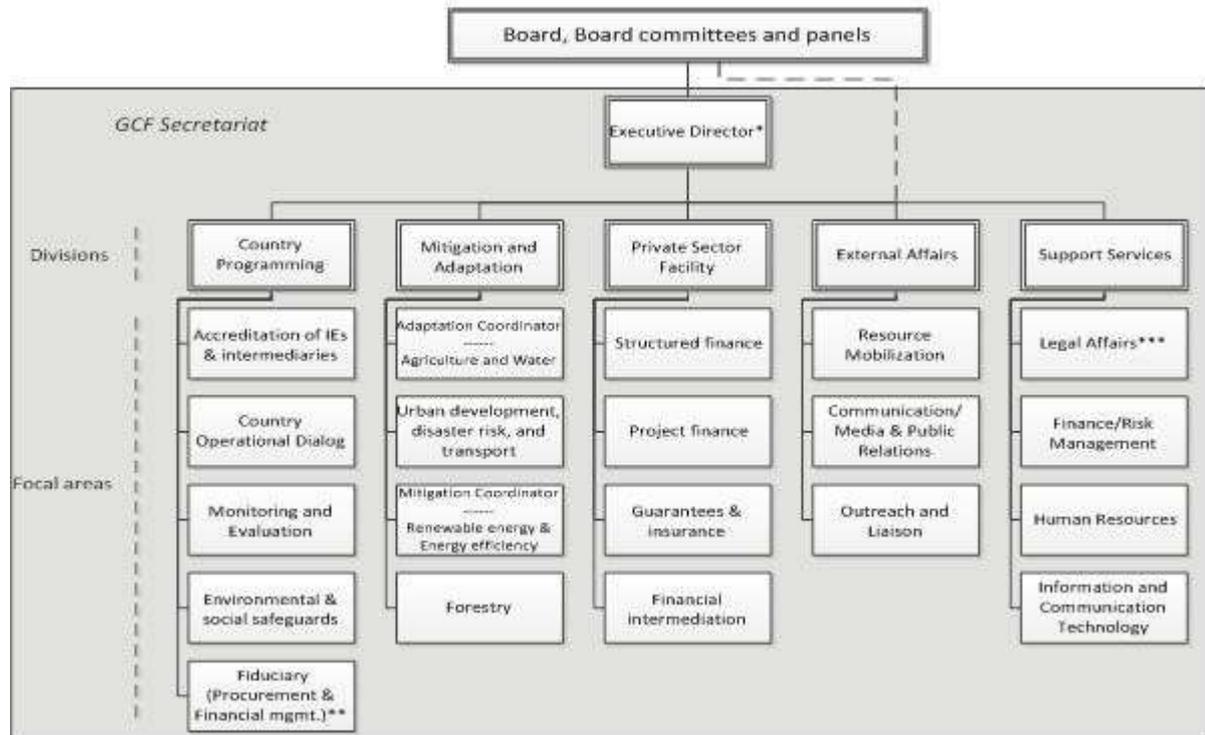
Annex XII: Initial structure of the Secretariat



*Figure 1. Initial structure of the Secretariat*

## Chapter VII: The Secretariat

### Annex XIII Organizational diagram – Initial structure of the Secretariat in 2014



\* Initial estimated staff requirement: 1 professional level staff member to support the Executive Director.

\*\* In addition to their corporate responsibilities and tasks, this focal area will work closely with and for the Country Programming division.

\*\*\* Provides legal, policy and strategic advice to the Executive Director, the Secretariat and the Board.

### Annex XIV: Job profiles and staffing table

1. The **Directors** of the five divisions, together with the Executive Director, form the management team of the Secretariat. They will be leaders and expert individuals with substantive experience and demonstrated success, both academically and in their professional career. Extensive cross-cultural leadership skills, demonstrated ability to manage timelines, dependencies and deliverables will be a pre-requisite. Among other tasks, they will be responsible to:

- (a) Oversee, plan, implement, manage, review and control the operations of their divisions;
- (b) Establish and maintain collaborative relationships internally (e.g. with the other divisions) as well as externally;
- (c) Provide strategic and operational guidance and advice to the Executive Director;
- (d) Optimize the potential of their respective teams through leadership, supported by learning and development and continuous coaching that will utilize and develop this potential to optimally benefit the Fund;
- (e) Establish a culture of performance and ensure the delivery of the high volume of outputs while respecting work life balance; and
- (f) Support the values and objectives of the Fund.

2. The **specialist roles** will be varying in level, from entry to mid and senior-level specialists. The levels of the posts will be determined based on the complexity of tasks and responsibilities, as well as the experience and educational background required to fulfil the functions of the respective post. The specialists will be responsible, among other tasks, to:

- (a) Provide substantive support for and contribute to the design and implementation of the work plan of their division;
- (b) Propose ideas and strategies to enhance institutional capacity;
- (c) Perform assessments, analyses, and forecasts;
- (d) Establish and maintain collaborative relationships;
- (e) Ensure deadlines are met and the quality of their outputs is high; and
- (f) Support the values and objectives of the Fund.

## Chapter VII: The Secretariat

3. The support staff will provide general overall support, but also, where applicable, specific support, such as a legal clerk, an HR clerk, etc.
4. The academic qualifications and professional requirements for the different positions will also be guided by the relevant administrative framework under development, and consistent with Asian Development Bank's (ADB) practices.
5. The staffing table (Table 1) presents an indicative staffing allocation in the respective divisions; however the Executive Director may need to reassign staff. Staff members will need to be flexible and adaptable to support the initial phase of the team set-up.
6. The total administrative costs relating to the proposed initial structure and staffing of the Secretariat, in accordance with the Fund's remuneration and benefits scheme, as well as the costs associated with facilitating the interviews of the initial staff, are presented in document GCF/B.05/21.

Table 1: Indicative staffing allocation and key responsibilities

Function	Key responsibilities in 2014 and initial phase
Advisor to Executive Director (one expert)	<ul style="list-style-type: none"> <li>- Perform necessary functions relating to the coordination of the front office of the Executive Director;</li> <li>- Assist the Executive Director with necessary follow-up across the Secretariat to ensure timely progress on various initiatives.</li> </ul>
Country Programming Director, Deputy Executive Director	<ul style="list-style-type: none"> <li>- Manage and oversee the work programme of the Country Programming division;</li> <li>- Act as officer-in-charge for the Secretariat when the Executive Director is away.</li> </ul>
Accreditation, including environmental and social safeguards, and fiduciary standards (Procurement and financial management) (six specialists)	<ul style="list-style-type: none"> <li>- Coordinate the accreditation process;</li> <li>- Assist countries in selecting and nominating implementing entities;</li> <li>- Assist intermediaries and implementing entities with readiness and preparatory support;</li> <li>- Liaise with regional and international institutions interested in being accredited as intermediaries, funding entities and/or implementing entities, and provide assistance as needed.</li> </ul>
Country operational dialogue (three specialists)	<ul style="list-style-type: none"> <li>- Lead and coordinate the operational dialogue with developing countries, including through the selection and strengthening of NDAs or focal points;</li> <li>- Assess and support readiness of countries in terms of policy and institutional enabling regulatory framework, including NAMAs, NAPAs, NAPs among others;</li> <li>- Facilitate the work of Mitigation and Adaptation Windows and PSF divisions to support implementing entities and countries to build potentially eligible pipeline of projects and programmes.</li> </ul>
Monitoring and evaluation (one specialist)	<ul style="list-style-type: none"> <li>- Operationalize the result management framework into toolkits, logical frameworks, and templates;</li> <li>- Set up basis for data collection, tracking of performance at the level of the projects and programmes, countries, implementing entities, and the Fund;</li> <li>- Conduct impact assessment.</li> </ul>
Mitigation/Adaptation Director	Manage and oversee the work programme of the Mitigation and Adaptation Windows division
Mitigation and Adaptation team (four specialists)	<ul style="list-style-type: none"> <li>- Provide countries with thematic readiness support, working with the Country Programming division;</li> <li>- Identify through operational dialogue possible pipeline of programmatic approaches and sector interventions;</li> <li>- Operationalize the type of interventions to make progress towards the Fund's result areas;</li> <li>- Implement thematic allocation, assess the performance of the portfolio;</li> <li>- Knowledge management relating to operational learning in mitigation and adaptation;</li> <li>- Prepare operational documents such as templates, toolkits, and guidelines needed for proposal review cycle.</li> </ul>

## Chapter VII: The Secretariat

Function	Key responsibilities in 2014 and initial phase
PSF Director	Manage and oversee the work programme of the PSF division
PSF team (four experts)	<ul style="list-style-type: none"> <li>- Formulate proposals for the PSF-related aspects of the investment strategy and risk management strategy;</li> <li>- Develop modalities and procedures for PSF operations, including operational documents needed such as templates, toolkits and guidelines for proposal review;</li> <li>- Work with the Country Programming Division on readiness support to potential intermediaries and to NDAs or focal points for PSF portfolio;</li> <li>- Reach out to potential private sector entities;</li> <li>- Work on innovative financial instruments (e.g. guarantees, insurance, equity).</li> </ul>
External Affairs Director	Manage and oversee the work programme of the External Affairs division
Resource mobilization (two specialists)	<ul style="list-style-type: none"> <li>- Organize technical-level dialogue with potential contributors;</li> <li>- Coordinate technical analyses, documents and presentations, as required by potential contributors;</li> <li>- Provide input as needed, to other divisions for scenarios regarding the potential level of financial inputs and country allocations;</li> <li>- Explore possible private contributors and alternative sources;</li> <li>- Provide logistic organization of resource mobilization multilateral meetings including formal pledging meetings.</li> </ul>
Communication and outreach (two specialists)	<ul style="list-style-type: none"> <li>- Implement communication strategy;</li> <li>- Implement information disclosure policy;</li> <li>- Realize media engagement opportunities and media monitoring and response;</li> <li>- Provide communication and media support to core activities of the Fund, including through the website;</li> <li>- Organize workshops for awareness raising.</li> </ul>
Board logistics and liaison (two specialists)	<ul style="list-style-type: none"> <li>- Prepare Board meeting communications;</li> <li>- Ensure Board, committee, panel, group and workshop meeting logistics;</li> <li>- Liaise with meeting hosts/Governments.</li> </ul>
Operational Support Services Director	Manage and oversee the work of the Operational Support Services division
Legal (two specialists)	<ul style="list-style-type: none"> <li>- Provide a comprehensive range of legal services to the Board and the Secretariat on the interpretation of treaties and legal instruments;</li> <li>- Advice on agreements and cooperative arrangements</li> <li>- Establish the administrative and operational legal framework;</li> <li>- Conduct operational legal due diligence.</li> </ul>
HR (two specialists)	<ul style="list-style-type: none"> <li>- Oversee orderly move to the Headquarters;</li> <li>- Coordinate the recruitment actions;</li> <li>- Oversee the implementation of HR strategies, policies, procedures and systems, including the provision of staff services, entitlements and payments.</li> </ul>
Finance/risk management (two specialists)	<ul style="list-style-type: none"> <li>- Record and report financial statements;</li> <li>- Coordinate corporate procurement activities;</li> <li>- Coordinate the preparation of the risk management strategy of the Fund and later on its implementation.</li> </ul>

## Chapter VII: The Secretariat

Function	Key responsibilities in 2014 and initial phase
ICT (two specialists)	<ul style="list-style-type: none"><li>- Oversee the performance by service providers to ensure high quality ICT systems in place in the Headquarters;</li><li>- Implement ERP system, content management system, documents management system, no-objection procedure, online accreditation system, online results management framework.</li></ul>

### Annex XV: Logistic implementation and timeline

#### **I. Recruitment approach**

1. As a modern and international organization, the Fund and its Secretariat are based on the principle of diversity to foster a multi-cultural environment. By paragraph 21 of the Governing Instrument the Executive Director has been mandated to manage the staff selection, which will be open, transparent, based on merit, and take into account geographic and gender balance.
2. The following three-stage recruitment approach is recommended:
3. **Stage 1:** In order to establish a functional/operational and managerial basis with which the Secretariat will be able to operate, the recruitment of 13 posts will be initiated mid-October 2013 and it is foreseen to fill these posts by the end of February 2014, to include:
  - (a) Five Directors, in charge of the divisions and members of the management team;
  - (b) Three specialist staff in the areas of resource mobilization, readiness and preparatory support, and PSF operationalization; and
  - (c) Five specialist staff in the support services areas, to build the basic administrative infrastructure.
4. **Stage 2:** The next stage, the recruitment of 15 specialist posts, will be initiated in November 2013 and it is foreseen to fill these posts by the end of April 2014, to sufficiently staff the four substantive divisions:
  - (a) Country Programming, to include: country dialogue and relationship management, monitoring and evaluation; and
  - (b) External Affairs, to include: outreach/liaison and resource mobilization;
  - (c) PSF specialists; and
  - (d) Mitigation and Adaptation, to include the operationalization of results management.
5. **Stage 3:** The recruitment of the remaining ten posts will be initiated at the beginning of December 2013 and it is expected to fill these posts by the end of June 2014. They will cover the remaining specialist roles in all divisions, which are important for developing and maintaining an early pipeline of potential programmes and projects.
6. The recruitment of the ten support staff will take place, as and when needed, within the above-mentioned timeline.
7. The first round of recruitment will take place during the transition to the Fund's Headquarters, during which period the Secretariat will require external expertise and support to facilitate and expedite the recruitment processes, to ensure timely implementation of the above-mentioned timeline. By the time of the last round of recruitment, the Secretariat will aim to perform many of the tasks relating to the recruitment process internally, such as on-boarding.

#### **II. Administrative actions**

8. This Section should be read in conjunction with document GCF/B.05/11 which provides a list of administrative actions that are planned to be undertaken during the last quarter of 2013 and in early 2014.
9. The Secretariat intends to recruit staff who meet the highest standards of qualification and excellence of performance. In order to be able to attract such highly-qualified staff, it is essential that the Secretariat can offer candidates competitive terms and conditions of employment.
10. As determined by the Board, staff salaries and emoluments will be based on those of the ADB, including an appropriate cost-of-living differential which is regularly paid by the ADB to staff assigned to locations with higher cost of living than Manila, as is the case for the Republic of Korea. Benefits will generally follow, with some necessary adjustments by the Executive Director, those of the ADB. For certain matters (in particular, the staff retirement plan and the health insurance plan) temporary arrangements may have to be put in place, until such time that the Fund puts in place its own insurance and pension plans.
11. It is anticipated that the Secretariat will offer candidates fixed-term-three-year appointment to the candidates. An appointment of a shorter duration would most likely be considered unattractive by the candidates; also,

appointments of a shorter duration are not cost-effective use of budgetary resources. Thus, the Secretariat seeks Board approval of the projected-staff related budget for a period that covers the three-year contract period. Contributors are requested to submit, whenever feasible, instruments of contribution to cover staff salaries and emoluments during the entire three-year period, subject to payments being made annually by way of cash or promissory notes. In the absence of such commitments, the Secretariat will have no choice but to include appropriate provisions into contracts of employment providing that confirmation of appointment after one year of service will be subject not only to satisfactory performance but also to availability of resources.

12. The core compensation and benefits will be defined by mid-October 2013, and the core HR rules and policies will be finalized by mid-November 2013. In order to create an innovative, flexible and results-orientated organization, an HR strategy and programmes are being developed. This includes a talent and learning management strategy, developing the specific competencies, options for career development, and a performance management system.

### III. Transitional arrangements

13. In order to enhance the institutional capacity of the Secretariat, it is crucial to build up a critical mass of highly-qualified experts who can lead the operationalization of the Fund to allow it to assume its operations as quickly as possible. To this end, immediate financial support for the Fund has been requested, as presented in document GCF/B.05/21, to allow the Executive Director to proceed with the planned recruitment of core staff.

14. To ensure continuity until the assumption of duty by the management and staff, the Executive Director may need to recruit temporary staff or secondees. Furthermore, the Secretariat will balance initial staffing constraints through the contracting of individual consultants and firms.

15. All contracting and recruitment by the Secretariat will be based on competitive processes and in accordance with the administrative rules and regulations of the Fund.

### DECISION B.04/09: Structure and organization of the Fund and its Secretariat

The Board:

- (a) Noted convergence that the initial structure and organization of both the Fund and the Secretariat should be thematic, with a Private Sector Facility, a strong country and programmatic focus, internal coherence and linkages, and the flexibility to evolve over time;
- (b) Requested the Executive Director, with the support of the Interim Secretariat, to prepare for consideration by the Board at its September 2013 meeting, an initial structure that can be scaled up, organizational diagrams and a staffing table covering the core, operating and other relevant functions of a flexible and efficient Secretariat, as well as the cost, procedure, timeframe and process for implementing the proposed structure and organization, based on the views expressed by the Board during its June 2013 meeting;
- (c) Agreed to consider, at its September 2013 meeting, the establishment and terms of reference of permanent and ad hoc committees of the Board that will assist the Board in fulfilling its roles and functions;
- (d) Agreed to consider, at its first meeting in 2014, mechanisms to draw on appropriate expert and technical advice, including independent scientific and technical advice and from the other relevant thematic bodies, for the Board;
- (e) Recognized that the Fund will have a Trustee with administrative competence to manage the financial assets of the Fund, in accordance with the Governing Instrument;
- (f) Established independent evaluation and integrity units and an independent redress mechanism in accordance with the Governing Instrument;
- (g) Agreed to consider, at its first meeting in 2014, the terms of reference of the independent evaluation and integrity units and the independent redress mechanism.

### DECISION B.02-12/07: Report on establishment of the GCF Secretariat

The Board:

- (a) Took note of the information presented in document GCF/B.02-12/07;

- (b) Requested the Board members to submit any comments they may have on the document to the Interim Secretariat no later than 3 November 2012.

### **DECISION B.01-12/04: Arrangements for the Interim Secretariat, including the appointment of its head**

The Board:

- (a) Requested the Interim Secretariat to continue with the current arrangements as set up by the UNFCCC and the GEF secretariats and under the supervision of its Co-Chairs;
- (b) Provided guidance to the Interim Secretariat and requested the Interim Secretariat to report on how it implemented that guidance at the next Board meeting under the agenda item “Summary of activities of the Interim Secretariat”;
- (c) Requested the Interim Secretariat to prepare a working document for the next Board meeting on how to address the issues relating to the establishment of the independent Secretariat, addressing the issues raised at this Board meeting;
- (d) Agreed to initiate without undue delay the process of selecting the Executive Director of the independent Secretariat and requested the Interim Secretariat to prepare a working document addressing the criteria for, and the process of, the selection of the Executive Director as well as the terms of reference for this position;
- (e) Invited the Board members to provide by 31 August 2012 comments to the Interim Secretariat additional to, or elaborating on, those presented at this Board meeting on the issues referred to in paragraphs (a) to (c).

### **WORK PROGRAMME OF THE SECRETARIAT AND ADMINISTRATIVE BUDGET**

#### **DECISION B.24/05: Approval of the Work programme of the Secretariat and administrative budget of the Secretariat, Board and Trustee for 2020**

The Board, having considered document GCF/B.24/09 titled “2020 work programme of the Secretariat and annual administrative budget of the Secretariat, Board and Trustee” and GCF/B.24/Inf.07 titled “Reports from committees, panels and groups of the Board of the Green Climate Fund”:

- (a) Recognizes that the work programme will help to guide the activities of the Secretariat during 2020;
- (b) Approves the 2020 work programme and the goals and suggested priorities set out therein, in accordance with paragraph 23(e) of the Governing Instrument for the GCF;
- (c) Also approves an administrative budget for the Secretariat, as presented in annex IV, section IV, for the period 1 January 2020 to 31 December 2020 in the amount of USD 70,190,932, which includes USD 26,083,209 in new funding as well as USD 44,107,723 for 2020 staff salaries and emoluments that was approved by the Board by decision B.18/12, paragraph (d);
- (d) Further approves releasing the amount of USD 45 million, which was set aside towards the operating expenses of the GCF for 2020, as per decision B.22/21, paragraph (a);
- (e) Approves USD 50,758,819 for projected staff salaries and emoluments for 2022;
- (f) Also approves a budget for the Board in the amount of USD 3,673,720, as found in annex IV, table 4;

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- (g) Further approves a budget for the Trustee in the amount of USD 2,881,000, as included annex IV, table 17;
- (h) Decides to set aside an additional amount of USD 70 million towards the risk buffer;
- (i) Requests the Secretariat to ensure that the Secretariat's consultancies budget, as contained in annex IV, section IV, be used in line with the work programme of the Secretariat as approved by the Board; and
- (j) Acknowledges expectations from the Board for Board documentation to be released in line with paragraph 21 of the Rules of Procedure of the Board.

(Note: Annexes IV, V and VI mentioned in Decision B.24/05 could be found at the following link: [https://www.greenclimate.fund/documents/20182/1908411/GCF\\_B.24\\_17\\_-\\_Decisions\\_of\\_the\\_Board\\_twenty-fourth\\_meeting\\_of\\_the\\_Board\\_12\\_14\\_November\\_2019.pdf/b456ef92-b472-c83c-822d-992e284e3330](https://www.greenclimate.fund/documents/20182/1908411/GCF_B.24_17_-_Decisions_of_the_Board_twenty-fourth_meeting_of_the_Board_12_14_November_2019.pdf/b456ef92-b472-c83c-822d-992e284e3330))

### **DECISION B.21/09: Work Programme of the Secretariat for 2019 and Administrative Budget**

The Board, having considered document GCF/B.21/19 titled "Work programme of the Secretariat for 2019 and administrative budget":

- (a) Recognizes that the work programme will help to guide the activities of the Secretariat during 2019;
- (b) Approves the work programme 2019 as contained in document GCF/B.21/19 and the goals and suggested policy priorities set out therein, in accordance with paragraph 23(e) of the Governing Instrument for the Green Climate Fund;
- (c) Also approves an administrative budget for the Green Climate Fund for the period 1 January 2019 to 31 December 2019 in the amount of USD 72,568,002, which includes 30,278,395 in new funding, as well as USD 42,289,607 for 2019 staff salaries and emoluments that was approved by the Board in decision B.18/12; and
- (d) Further approves USD 48,517,729 for projected staff salaries and emoluments for 2021.

(Note: The work programme and administrative budget for the Green Climate Fund contained in document GCF/B.21/19 and mentioned in decision B.21/09 could be found at the following link: [https://www.greenclimate.fund/documents/20182/1270184/GCF\\_B.21\\_19\\_-\\_Work\\_programme\\_of\\_the\\_Secretariat\\_for\\_2019\\_and\\_administrative\\_budget.pdf/0986d39d-e6c6-a2a6-8ec3-86f903ec32f8](https://www.greenclimate.fund/documents/20182/1270184/GCF_B.21_19_-_Work_programme_of_the_Secretariat_for_2019_and_administrative_budget.pdf/0986d39d-e6c6-a2a6-8ec3-86f903ec32f8))

### **DECISION B.21/08: Report on the execution of 2018 administrative budget of the GCF as at 31 July 2018: Noted**

The Board, having considered document GCF/B.20/14 titled "Report on the execution of the 2018 administrative budget of GCF as at 31 July 2018":

Takes note of the report on the execution of the 2018 administrative budget of GCF as at 31 July 2018.

### **DECISION B.18/12: Work Programme of the Secretariat for 2018 and Administrative Budget**

The Board, having considered document GCF/B.18/13 titled "Work programme of the Secretariat for 2018 and administrative budget":

- (a) Recognizes that the work programme will help to guide the activities of the Secretariat during 2018;
- (b) Approves the work programme 2018 as contained in annex XVI, and the goals and suggested policy priorities set out in the work programme, in accordance with paragraph 23(e) of the Governing Instrument for the GCF;

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- (c) Also approves an administrative budget for the period of 1 January to 31 December 2018 in the amount of USD 63,558,006 as referred to in appendix I to annex XVI;
- (d) Further approves an administrative budget of the GCF for the periods 2019 and 2020 in the amounts of USD 42,289,607 and USD 44,107,723, respectively, to cover estimated staffing costs; and
- (e) Requests the Secretariat to compile at each meeting of the Board a consolidated Board document on all information reports.

(Note: Annex XVI mentioned in decision B.18/12 can be found at the following link:

[https://www.greenclimate.fund/documents/20182/820027/GCF\\_B.18\\_23\\_-\\_Decisions\\_of\\_the\\_Board\\_eighteenth\\_meeting\\_of\\_the\\_Board\\_30\\_September\\_2\\_October\\_2017.pdf/b55d8183-005c-4518-91dc-152113506766](https://www.greenclimate.fund/documents/20182/820027/GCF_B.18_23_-_Decisions_of_the_Board_eighteenth_meeting_of_the_Board_30_September_2_October_2017.pdf/b55d8183-005c-4518-91dc-152113506766))

### **DECISION B.17/22: Report on the execution of 2017 administrative budget of the GCF as at 31 May 2017: Noted**

The Board, having considered document GCF/B.17/06 titled “Report on the execution of the 2017 administrative budget of the GCF as at 31 May 2017”:

Takes note of document GCF/B.17/06.

### **DECISION B.16/01: Work Programme of the Secretariat for 2017 and adjusted Administrative Budget**

The Board, having considered document GCF/B.16/21/Rev.01 titled “Work programme of the Secretariat for 2017 and adjusted administrative budget”:

- (a) Recognizes that the work programme of the Secretariat for 2017 will help to guide the activities and structure of the Secretariat;
- (b) Approves the priorities set out in the work programme of the Secretariat for 2017, in accordance with paragraph 23(e) of the Governing Instrument for the GCF;
- (c) Requests the Secretariat to provide a detailed and updated work plan for the Readiness and Preparatory Support Programme and to report on the progress made in its implementation at each Board meeting for the Work Programme of the Secretariat Board’s information; and
- (d) Approves the adjusted administrative budget for the period of 1 January to 31 December 2017, making the total approved administrative budget for fiscal year 2017 USD 46,784,071, recognizing that this increase is on an exceptional basis and does not establish a new standard budget level for items, including contractual services.

(Note: Document GCF/B.16/21/Rev.01 mentioned in decision B.16/01 can be found at the following link:

[https://www.greenclimate.fund/documents/20182/584114/GCF\\_B.16\\_21\\_Rev.01\\_-\\_Work\\_programme\\_of\\_the\\_Secretariat\\_for\\_2017\\_and\\_adjusted\\_administrative\\_budget.pdf/1cea0e72-4dbb-4084-9353-f2c01cc4ed84](https://www.greenclimate.fund/documents/20182/584114/GCF_B.16_21_Rev.01_-_Work_programme_of_the_Secretariat_for_2017_and_adjusted_administrative_budget.pdf/1cea0e72-4dbb-4084-9353-f2c01cc4ed84))

### **DECISION B.15/14: Administrative budget of the Fund for 2017**

The Board, having reviewed document GCF/B.15/21 titled “Administrative budget of the Green Climate Fund for 2017”:

- (a) Takes note of the original recommendation of the Budget Committee to approve a total administrative budget for the calendar year 2017 of USD 45,666,356;
- (b) Approves an administrative budget of the Green Climate Fund for the period from 1 January 2017 to 31 December 2017 in the amount of USD 43,401,071, including USD 3,125,835 in staff costs approved by decision B.05/20 (annex XVIII to this document); and
- (c) Requests the Secretariat to submit a 2017 work plan and any required budget adjustments for the consideration of the Board at its sixteenth meeting.

(Note: Annex XVII mentioned in Decision B.15/14 can be found at the following link:  
[https://www.greenclimate.fund/documents/20182/490910/GCF\\_B.15\\_24\\_-\\_Decisions\\_of\\_the\\_Board\\_fifteenth\\_meeting\\_of\\_the\\_Board\\_13-15\\_December\\_2016.pdf/8726fc1c-15fc-4a2e-90fb-23267b3f8ea5](https://www.greenclimate.fund/documents/20182/490910/GCF_B.15_24_-_Decisions_of_the_Board_fifteenth_meeting_of_the_Board_13-15_December_2016.pdf/8726fc1c-15fc-4a2e-90fb-23267b3f8ea5))

### **DECISION B.12/27: Staffing of the Secretariat and additions to the administrative budget**

The Board having considered document GCF/B.12/15 titled “Revised administrative budget and staffing of the Secretariat for 2016”,

- (a) Approves the following amounts additional to the approved administrative budget in decision B.11/08:
  - (i) USD 4,351,993 for staffing;
  - (ii) USD 1,562,855 in ancillary non-staff costs; and
  - (iii) USD 772,640 for the administrative budget of the Board;
- (b) Notes that now the total administrative budget for 2016 will be USD 35,844,715, and takes note of the budgetary implications for future years;
- (c) Recognizes the need for further guidance from the Board on some of the Secretariat’s functions, inter alia, the appropriate level of due diligence for project proposals, and rationalization and streamlining of processes;
- (d) Requests the Secretariat to provide a revised version of the annual presentation of the staffing structure to inform the Budget Committee, in its review and recommendations on budget implications for 2017 and 2018, by the thirteenth meeting of the Board;
- (e) Also requests the Budget Committee to consult with the Secretariat and make recommendations on the administrative budgets for 2017 and 2018 by the fourteenth meeting of the Board;
- (f) Authorizes the Secretariat to enter into contractual obligations, from the approved budget, to ensure the continuation of the operations of the Fund beyond the current financial period; and
- (g) Agrees that for new decisions with additional budgetary implications, which may be taken at future Board meetings, the corresponding amounts will be considered by the Board to be added to the approved administrative budget.

### **DECISION B.11/08: Administrative Budget of the Fund for 2016**

The Board, having reviewed document GCF/B.11/12 titled “Administrative Budget of the Green Climate Fund for 2016–2018”:

- (a) Notes the proposed administrative budget of the Green Climate Fund (GCF), for the period from 1 January 2016 to 31 December 2016, as set out in Annex to document GCF/B.11/12;
- (b) Approves an administrative budget for the GCF of USD 29,157,227 as per the annex to this decision;
- (c) Requests the Secretariat to present a revised staff structure of the Secretariat and budget proposal for the GCF that responds to the strategic plan for the GCF for consideration by the Board at its thirteenth meeting; and
- (d) Decides to establish a Budget Committee as a standing committee of the Board, in accordance with paragraph 30 of the Rules of Procedure of the Board, and requests the Secretariat to present terms of reference of the Committee for consideration by the Board at its twelfth meeting.

(Note: Annex mentioned in Decision B.11/08 can be found at the following link:  
[https://www.greenclimate.fund/documents/20182/87610/GCF\\_B.11\\_25\\_-\\_Report\\_of\\_the\\_eleventh\\_meeting\\_of\\_the\\_Board\\_2\\_5\\_November\\_2015.pdf/0fa938b0-59aa-4126-b448-14f35e913e96](https://www.greenclimate.fund/documents/20182/87610/GCF_B.11_25_-_Report_of_the_eleventh_meeting_of_the_Board_2_5_November_2015.pdf/0fa938b0-59aa-4126-b448-14f35e913e96))

**DECISION B.08/16: Administrative budget of the Fund for 2015**

The Board, having reviewed document GCF/B.08/24 Administrative Budget of the Fund for 2015:

- (a) Notes, that of the proposed administrative budget of the Green Climate Fund for the period from 1 January 2015 to 31 December 2015 of US\$ 19,266,866, as set out in Annex XXV; US\$ 12,042,101 of this amount in staff costs was approved under Board decision B.05/20;
- (b) Approves an additional allocation of US\$ 7,224,765 making the total allocation for 2015 up to US\$ 19,266,866; and
- (c) Authorizes the Interim Trustee to make cash transfers from the Green Climate Fund Trust Fund to the Secretariat, and to the World Bank, as the Interim Trustee, in accordance with the administrative budget of the Fund approved by the Board, subject to adjustment based upon revised costs and expenditures to be incurred.

(Note: Annex XXV mentioned in Decision B.08/16 can be found at the following link:  
[https://www.greenclimate.fund/documents/20182/24946/GCF\\_B.08\\_45\\_-\\_Decisions\\_of\\_the\\_Board\\_-\\_Eighth\\_Meeting\\_of\\_the\\_Board\\_14-17\\_October\\_2014.pdf/1dd5389c-5955-4243-90c9-7c63e810c86d](https://www.greenclimate.fund/documents/20182/24946/GCF_B.08_45_-_Decisions_of_the_Board_-_Eighth_Meeting_of_the_Board_14-17_October_2014.pdf/1dd5389c-5955-4243-90c9-7c63e810c86d))

**DECISION B.05/20: Administrative budget of the Fund for 2014**

The Board, having reviewed document GCF/B.05/21 Administrative Budget of the Fund for 2014:

- (a) Approves, from the resources available or to be made available in the GCF Trust Fund, the administrative budget of the Fund for the period from 1 January 2014 to 31 December 2014 of up to US\$ 18,817,566, as set out in Annex XXIII to this document;
- (b) Notes that the Secretariat will continue to operate efficiently and will seek to maximize savings where possible;
- (c) Approves, from the resources available or to be made available in the GCF Trust Fund, the budget cost of staff salaries and emoluments for the three-year contract period as follows:
  - (i) For 2015: US\$ 12,042,101;
  - (ii) For 2016: US\$ 12,403,364;
  - (iii) For 2017: US\$ 3,125,835.
- (d) Authorizes the Interim Trustee to make cash transfers from the GCF Trust Fund to the Secretariat, and to the World Bank, as the Interim Trustee, in accordance with the administrative budget of the Fund approved by the Board, subject to adjustment based upon revised costs and expenditures to be incurred. In the event that the Interim Trustee determines that the amount of available resources in the GCF Trust Fund is insufficient to cover the total estimated budgets specified in paragraphs (a) and (c) above, the Board authorizes the Interim Trustee to make cash transfers to the Secretariat and the Interim Trustee up to the pro rata amount of available resources in the GCF Trust Fund to cover the total estimated budget as determined by the Interim Trustee;
- (e) Notes that the Secretariat will submit proposals for the full administrative budget of the Fund for 2015, 2016 and 2017 in due course.

(Note Annex XXIII mentioned in Decision 05/20 can be found at the following link:  
[https://www.greenclimate.fund/documents/20182/24937/GCF\\_B.05\\_23\\_-\\_Decisions\\_of\\_the\\_Board\\_-\\_Fifth\\_Meeting\\_of\\_the\\_Board\\_8-10\\_October\\_2013.pdf/ea60c39e-444d-4505-86b7-e87eecd94fb3](https://www.greenclimate.fund/documents/20182/24937/GCF_B.05_23_-_Decisions_of_the_Board_-_Fifth_Meeting_of_the_Board_8-10_October_2013.pdf/ea60c39e-444d-4505-86b7-e87eecd94fb3))

**DECISION B.02-12/06: Status of resources and administrative budget of the Interim Secretariat and the Interim Trustee**

The Board, having reviewed document GCF/B.02-12/06/Rev.01, and making a record of:

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- Funds available for disbursement of US\$ 2.7 million as at 19 October 2012;
  - Previous pledges anticipated to be paid in of US\$ 2.5 million;
  - New pledges made at the meeting of US\$ 1.5 million; and
  - Strong commitments to additional pledges made,
- (a) Approved, from resources available or to be made available in the Green Climate Fund Trust Fund (GCFTF), the administrative budget of the Fund for the period from 1 November 2012 to 31 December 2013 of US\$ 7,481,000, as set out in Table 2 of document GCF/B.02-12/06/Rev.01;
- (b) Authorized the Interim Trustee to make cash transfers from the GCFTF to the UNFCCC and Global Environment Facility (GEF) secretariats as the Interim Secretariat, and to the World Bank as the Interim Trustee, in accordance with the administrative budget of the Fund approved by the Board, subject to adjustment based upon revised costs and expenditures to be incurred. In the event the Interim Trustee determines that the amount of available resources in the GCFTF will be insufficient to cover the total estimated budgets specified in (a) above, the Board authorizes the Interim Trustee to make cash transfers to the Interim Secretariat and the Interim Trustee up to the pro rata amount of available resources in the GCFTF to cover such total estimated budget as determined by the Interim Trustee;
- (c) Authorized the Interim Secretariat to recruit staff for the period from 1 November 2012 to 31 December 2013, in accordance with the administrative budget of the Fund approved by the Board and subject to availability of resources, by:
- (i) Issuing fixed term contracts up to December 2013;
  - (ii) Further staff assignments from the UNFCCC and GEF secretariats;
  - (iii) Reimbursable secondments of experts from relevant institutions; and/or
  - (iv) Hiring consultants for extended periods of time;
- (d) Took note of the supplementary information presented in the document, including on the status of financial resources in the GCFTF.

(Note: The administrative budget of the Fund mentioned in paragraph (a) of decision B.02-12/06 can be found at the following link: [https://www.greenclimate.fund/documents/20182/24928/GCF\\_B.02-12\\_06\\_Rev.01\\_-\\_Administrative\\_Budget\\_of\\_the\\_Fund\\_-\\_Revision.pdf/6f4e6b1e-9949-47a2-9b05-a21fbddb69f6](https://www.greenclimate.fund/documents/20182/24928/GCF_B.02-12_06_Rev.01_-_Administrative_Budget_of_the_Fund_-_Revision.pdf/6f4e6b1e-9949-47a2-9b05-a21fbddb69f6) )

### **DECISION B.01-12/06: Administrative Budget, Interim Trustee and contributions**

The Board:

- (a) Approved the administrative budget to cover the expenditures incurred during the period up to 30 June 2012, as presented in document GCF/B.01-12/08/Rev.02;
- (b) Approved the administrative budget proposed for the period 1 July to 31 October 2012, in the amounts set forth in Table 1 of document GCF/B.01-12/08/Rev.02;
- (c) Decided that the full costs of travel and daily subsistence allowance<sup>1</sup> of the Board members and alternate members from eligible developing countries<sup>2</sup> to attend Board meetings, or any ancillary meetings decided by the Board, will be provided from the budget of the Fund;
- (d) Authorized the International Bank for Reconstruction and Development (the World Bank) as the Interim Trustee for the Green Climate Fund to make cash transfers for the Interim Secretariat through the UNFCCC and the GEF secretariats, and to the World Bank as the Interim Trustee, up to the total amounts specified in Table 1, subject to the availability of

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<sup>1</sup> The rules applicable to travel of United Nations staff will be followed until the Board adopts the travel policy for the Fund and its officials.

<sup>2</sup> UNFCCC rules for determining eligibility of developing countries for availing the support for travel will be applied until the Board adopts the travel policy for the Fund.

resources in the GCF Trust Fund and adjustment based upon revised costs and expenditures to be incurred;

- (e) Took note of the funds provided by Denmark, Germany, Norway, Spain, Switzerland and the United States of America in agreeing to carry-over the unspent balance from contributions originally made to support the work of the Transitional Committee and of pledges made by Denmark and Germany for contributions to the administrative budget;
- (f) Requested the Interim Secretariat and the Interim Trustee to present to it at its next meeting the refined administrative budget in a revised format.

(Note: The administrative budget of the Fund mentioned in paragraph (a) of decision B.01-12/06 can be found at the following link: [https://www.greenclimate.fund/documents/20182/24925/GCF\\_B.01-12\\_08\\_Rev.02\\_-\\_Revised\\_Administrative\\_Budget\\_of\\_the\\_Interim\\_Secretariat\\_and\\_the\\_Interim\\_Trustee.pdf/03718447-d8f2-4842-84ae-b7804dd06439](https://www.greenclimate.fund/documents/20182/24925/GCF_B.01-12_08_Rev.02_-_Revised_Administrative_Budget_of_the_Interim_Secretariat_and_the_Interim_Trustee.pdf/03718447-d8f2-4842-84ae-b7804dd06439) )

### FINANCIAL PLANNING OF THE COMMITMENT AUTHORITY OF THE GCF

#### **\*DECISION B.21/14: Financial Planning of the Commitment Authority of the GCF for 2019**

The Board, having reviewed document GCF/B.21/33/Rev.01 titled “Analysis of options for the financial planning of the commitment authority of the Green Climate Fund for the remainder of the initial resource mobilization period, 2019, and 2020”:

- (a) Takes note that the Green Climate Fund cumulative funding approvals as at the twenty-first meeting of the Board amount to USD 5.5 billion, and the remaining commitment authority for the initial resource mobilization period is currently projected at USD 1.7 billion;
- (b) Notes, in view of the above, that the Green Climate Fund will reach the end of the initial resource mobilization period (2015–2018) with the remaining commitment authority carried over into 2019, which necessitates financial planning of the resources of the Green Climate Fund for 2019 pending the conclusion of the first replenishment of the Green Climate Fund;
- (c) Takes note of the analysis on the options for financial management of the commitment authority contained in annex II to document GCF/B.21/33/Rev.01;
- (d) Intends that this decision on managing commitment authority for 2019 is without prejudice to the amounts originally provisionally allocated for the requests for proposal, or to the consideration of pipeline not brought forward in the next year;
- (e) Decides to allocate the remaining commitment authority for the initial resource mobilization period and 2019 for funding proposals as follows over the course of its meetings in 2019:
  - (iii) Up to USD 600 million to fund projects submitted in response to requests for proposals and pilot programmes, including the requests for proposals on REDD-plus results-based payments, mobilizing funds at scale, micro, small and medium-sized enterprises, enhanced direct access and the simplified approval process; and
  - (iv) Remaining commitment authority, projected to be in the range of USD 0.7–0.8 billion after accounting for subparagraph (e)(i) above and paragraphs (f)–(g) below, to be allocated for other funding proposals;
- (f) Requests the Budget Committee to present to the Board for its consideration at its twenty-second meeting a draft decision covering a set-aside for the operating costs of the Green Climate Fund (including administration of the Board, Secretariat, Trustee, and

- independent units) and foreign exchange commitment risk buffer for solvency risks for 2019 and 2020 as required;
- (g) Notes that the Board will consider the forward budget for the Readiness and Preparatory Support Programme at its twenty-second meeting;
  - (h) Requests the Secretariat to present funding proposals for the Board's consideration and ensure resources for the operation of the Green Climate Fund in line with this decision and keep changes in the level of the Green Climate Fund commitment authority under review;
  - (i) Also requests the Secretariat, in managing the pipeline for 2019, to bring forward funding proposals that fully align with the Green Climate Fund investment criteria and continue to balance commitments and diversity among accredited entities, across regions and across the initial results areas of the Green Climate Fund in accordance with prior decisions of the Board, particularly decision B.06/06 on resource allocation;
  - (j) Further requests the Secretariat to develop for consideration by the Board at its twenty-second meeting an initial analysis of options to minimize the effects of currency fluctuations on the commitment authority of the Green Climate Fund.

### ANNUAL REPORTING AND AUDITING

#### **\*DECISION B.08/18: Commencement of Annual Reporting and the External Auditing Process**

The Board, having reviewed document GCF/B.08/27 Commencement of Annual Reporting and the External Auditing Process and based on the recommendations of the Ethics and Audit Committee:

- (a) Approves the adoption of the International Financial Reporting Standards as the accounting standard for the Fund;
- (b) Approves the terms of reference of the External Auditor as set out in Annex XXVII; and
- (c) Authorizes the Secretariat to commence work on the annual report for 2014, which will be presented at the second Board meeting held in 2015.

#### Annex XXVII: Terms of reference of External Auditors

##### **I. Introduction**

1. These terms of reference are prepared in accordance with the decision GCF/B.06/03.

##### **II. Scope of Services Required by the Fund**

2. The External Auditor shall audit the Financial Statements (FS) of the Fund, in accordance with the International Standards on Auditing (ISA). The FS include the Statement of Financial Position (including the Fund's Assets & Liabilities), the Statement of Activities (including the Fund's Income & Expenditures), the Statement of Movements of Net Assets and the Statement of Cash Flows, together with explanatory notes and schedules in support of the FS. The audit of the Statement of Financial Position includes those funds held in trust by the Fund's Trustee. The Fund's Income & expenditures includes both the administrative budget as well as all of its programmatic income and expenditures.

3. The ISA are professional standards for the performance of a financial audit of financial information. These standards are issued by the International Federation of Accountants (IFAC) through the International Auditing and Assurance Standards Board (IAASB). The standards are listed in Appendix 1.

4. The External Auditor may make observations with respect to the efficiency of the financial procedures, the accounting system, the internal financial controls and, in general the administration and management of the Fund.

5. The Board and or the Ethics & Audit Committee (EAC) may request the External Auditor to perform certain specific examinations and issue separate reports on the results.

6. The audit reports will be reflected in the Board annual reports to the COP.

### III. Terms of Reference of External Audit

7. The Fund's external auditor will be appointed by the Board of the Fund.
8. The external auditors will report to the Board and the EAC on an annual basis.
9. The External Auditors of the Fund should be an internationally recognized public accounting firm. In evaluating the capabilities of the audit firm the following technical criteria should be considered:
  - (a) Experience in audit of multilateral funds, international financial institutions, international organizations or other organizations which report in accordance with International Financial Reporting Standards;
  - (b) Number of partners and professional staff; partner-staff ratio, ability to substitute staff at similar levels of qualifications and experience if necessary;
  - (c) Firm specialities that may be useful to the Fund (e.g. IT, enterprise risk management, advice on hedging instruments);
  - (d) Types of clients/sectors, number of large clients/client spread; and
  - (e) Feedback on performance from other clients.

### IV. Evaluation of Incumbent External Auditors

10. The Board, through the Ethics & Audit Committee, will evaluate the performance of the external auditors every three years. This evaluation supports the decision to renew the engagement in the years between Board-approved cycles of rotation.
11. In evaluating the performance of external auditors; the Ethics & Audit Committee will consider:
  - (a) Communications with the EAC;
  - (b) Planning and conduct of the assignment;
  - (c) Scope of the external audit;
  - (d) Composition and experience of the external audit team;
  - (e) Maintenance of independence;
  - (f) Recent or imminent changes to the firm that may have an impact on its relationship with the Fund in the future;
  - (g) Efficiency and quality of the reports; and
  - (h) Potential conflict of interest if the incumbent external auditors are also the external auditors of an implementing entity selected by the Fund. The external audit firm must disclose any conflict of interest.

### V. Changes to the Appointment of External Auditors

12. The rules of professional conduct relating to the resignation and removal of external auditors are designed to protect the interests of the Fund.
13. The Fund's external auditors may resign with a written notice of resignation. In order to be effective the notice should include a statement of any circumstances connected with the resignation.
14. Within 14 days of receipt of a notice of resignation, the Fund's Secretariat must send a copy of the notice to the Ethics & Audit Committee. The external auditors may request the Board to be heard at any Board meeting which will consider the FS of the Fund of any given year which was being audited by the External Auditor who resigned.
15. The authority for the removal of external auditors rests solely with the Board.
16. Should the external auditor position become vacant before the expiry of the term, the Board will, in consultation with the Ethics & Audit Committee, appoint another external auditor to fill the vacancy.
17. In selecting an external auditor, the Fund should conduct a competitive process, according to a pre-established set of selection criteria.

### VI. Rotation of External Auditors

18. The Fund's external auditors will serve two three year annual audit assignments. The rotation of auditors means that auditors are engaged to undertake a maximum of six annual financial statement audits, and thereafter another auditor should be appointed through competitive bidding.

### VII. Prohibited Non-Audit Services

19. The external auditor shall not perform the following non-audit services for the Fund:
  - (a) Bookkeeping;

- (b) Financial information system design & implementation;
- (c) Internal audit services;
- (d) Management functions or human resource related services;
- (e) Legal services and expert services unrelated to the audit; and
- (f) Any other services the EAC may determine to be not permissible.

### COMPLEMENTARITY AND COHERENCE

#### **DECISION B.20/05: Report of 2017/2018 activities on Complementarity and Coherence**

The Board, having considered document GCF/B.20/05 titled “Annual update on complementarity and coherence”:

- (a) Welcomes progress on the implementation of the Operational Framework on complementarity and coherence;
- (b) Requests the Secretariat to include, as appropriate, the update on 2017–2018 activities as contained in document GCF/B.20/05 in the seventh report of GCF to the Conference of the Parties to the United Nations Framework Convention on Climate Change, in line with decision B.17/04, paragraph (d);
- (c) Invites national designated authorities to collaborate with accredited entities to bring to the country programming process any applicable work and lessons achieved with other climate funds, in line with their country priorities and in accordance with the business model of GCF;
- (d) Requests the Secretariat to provide information to national designated authorities and accredited entities, as appropriate, related to promoting coherence at the national programming level, including with regard to paragraph (c);
- (e) Also requests the Secretariat to (i) develop a proposal for consideration by the Board in 2019 with an updated set of outcomes for the operational framework on complementarity and coherence for 2019–2020; and (ii) include proposals for consideration by the Board on areas where further fund-to-fund arrangements are possible to improve efficiency, effectiveness and simplicity, and to enhance the alignment of portfolios with other climate funds;
- (f) Requests the Co-Chairs, with the support of the Secretariat, to engage with the Chair and Vice-Chair of the Adaptation Fund Board to better understand options for collaboration with the Adaptation Fund, and to report back to the Board at its twenty-first meeting; and
- (g) Requests the Secretariat to collaborate with the Climate Investment Funds Administrative Unit to advise national designated authorities on how programming opportunities identified by Climate Investment Funds beneficiary countries may be brought to GCF programming, as appropriate, including through the work referred to in paragraph (d) above.

#### **\*DECISION B.18/03(e): Collaborative Research and Development**

- (e) Further requests the Secretariat to continue to consider complementarity and coherence with other related technology initiatives and activities, including technology needs assessments and technology action plans, and to report accordingly in the context of the Operational Framework on Complementarity and Coherence adopted in decision B.17/04.

### **\*DECISION B.17/04: Adoption of operational framework on complementarity and coherence**

The Board, having considered document GCF/B.17/08 titled “Operational Framework on complementarity and coherence”:

- (a) Adopts the operational framework on complementarity and coherence contained in annex II to this document;
- (b) Requests the Secretariat to present a report on the progress made and outputs from the operational framework on complementarity and coherence in line with decision B.13/21, paragraph (c), for consideration by the Board in 2018, and to provide an annual update thereafter;
- (c) Encourages the Executive Director to host the annual dialogue with climate finance delivery channels in the margins of the eighteenth meeting of the Board and to utilize it as a forum for exchange between the GCF and relevant climate finance delivery channels; and
- (d) Requests the Secretariat to include outcomes and updates related to complementarity and coherence in the report to the Conference of the Parties to the United Nations Framework Convention on Climate Change for consideration by the Board, and to continue cooperation with the Standing Committee on Finance in line with decision B.13/11.

#### Annex II: Operational Framework for complementarity and coherence

##### Purpose

The Operational Framework for complementarity and coherence (hereinafter referred as Operational Framework) operates in a diverse and evolving climate finance landscape. It seeks to strengthen complementarity and enhance coherence with regards to operations and processes across climate finance institutions. The Operational Framework may also incorporate other institutions when appropriate and as the work evolves. Its evolution requires collaboration with the other institutions.

The scope of the Operational Framework includes areas of relevance between the climate finance delivery channels and the GCF, as per the pillars described below, and it may evolve upon guidance from the Board.

The GCF Secretariat will report on outcomes and progress on the implementation of the Operational Framework to the Board once a year. An update on work under the Operational Framework is also to be included in the GCF report to the Conference of the Parties (COP), starting in 2018.

##### Operational pillars

In decision B.13/08, the Board requested the Secretariat to prepare a document focusing on the following four pillars for operationalizing complementarity and coherence:

Pillar I. Board-level discussions on fund-to-fund arrangements

Pillar II. Enhanced complementarity at the activity level

Pillar III. Promotion of coherence at the national programming level; and

Pillar IV. Complementarity at the level of delivery of climate finance through an established dialogue

Each pillar is elaborated below, including where possible, potential complementary and coherence outcomes.

Complementarity and coherence between the funds can occur at the institutional level as well as at an operational level. In this context, the first pillar (Board-level discussions on fund-to-fund arrangements), is intended to tackle complementarity and coherence at a more fundamental institutional level, where changes to business models, governance structures or key policies may be required. The remaining pillars aim to address it at the operational level within existing institutional parameters of each institution.

Pillar I: Board-level discussions on fund-to-fund arrangements

Under this pillar boards/governing bodies of the various funds can explore and pursue opportunities for complementarity and coherence that might entail changes to their existing business models, governance structures and/or key policies. Overall, consideration by the Board on fund-to-fund arrangements could consider the comparative advantage of institutions to maximize impact, including co-financing (e.g. activities financed, use of financial instruments) and make arrangements to advance them.

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Substantive matters that could fall under this pillar include:

Arrangements that commit one fund to provide co-financing to projects in another fund's pipeline;

Adjustment of existing policies or processes in search of alignment;

Arrangements with implications on funding decisions to GCF resources; and

Arrangements which delegate programming authority to another fund.

In each case, the boards of the different funds will need to carefully consider the implications of any such arrangements on its existing business model, governance structure and key policies. For example, in the case of the GCF, the Board shall consider implications on its business model of working through accredited entities, the accreditation framework, the results management framework, the investment criteria, among others.

In particular, the governance bodies of the different funds will need to clearly identify whose policies (e.g., relating to prohibited practices or monitoring and reporting), will need to be applied to projects which have been funded pursuant to the types of arrangements that may be discussed under this pillar of the Operational Framework.

The form of the fund-to-fund arrangements shall be determined by the relevant boards once the substance of such arrangements has been discussed and agreed. The Board may also wish to consider inputs from the governance of other Funds as it undertakes discussions on arrangements.

Pillar II: Enhanced complementarity at the activity level

Under this pillar, the various funds should build upon synergies at the activity level in order to enhance complementarity and avoid inefficiency, where possible. Such complementarity shall occur at the operational level and within the existing business models and policies of the different funds.

Table 1 below sets out outcomes sought to be undertaken in collaboration with the different climate finance delivery channels to enhance complementarity at the activity level.

**Table 1. Enhancing complementarity at the activity level**

### Element 1: Readiness/capacity building

Outcomes 2017-2018	Exchange of information via operational coordination arrangements among climate finance delivery channels on readiness support
	Improvement of readiness support templates to foster complementarity
	Coordination through existing mechanisms, including joint activities, aimed at enhancing countries capacity to programme climate finance

### Element 2: Nationally determined contributions (NDCs), National Adaptation Plans (NAPs), National Communications (Nat Coms) and technology

Outcomes 2017-2018	Exchange of information and coordination in the support and pipeline for activities related to planning and reporting documents, such as NDCs, NAPs, Nat Coms, Transparency etc. Special consideration will be given to technology and complementarity with the Technology Mechanism of the UNFCCC
	Revision of support request templates to foster complementarity
	Coordination to avoid overlaps and maximize impact, and consider where possible collaboration in workshops and other activities with countries

### Element 3: Project preparatory support

Outcomes 2017-2018	Harmonization of policies related to project preparatory support to simplify access
	Information sharing to avoid duplication of support for the same or overlapping proposals

### Element 4: Programming

Outcomes 2017-2018	Exchange experiences and identify opportunities to advance coherence of programming approaches, such as programmatic funding proposals
	Identification of thematic synergies, such as REDD+, technology, etc., between project/programme portfolios
	Conduct in collaboration with national designated authorities (NDAs) and accredited entities (AEs) a country-specific landscape of climate finance to enhance coordination on pipelines
	Apply the lessons learned and best practices in order to improve enabling environments, including with regards to stakeholder engagement

### Element 5: Funding proposals

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Outcomes 2017-2018	<p>Synergies of existing policies and procedures related to the project cycle have been identified, including providing clarification of terms across landscape, where appropriate</p> <p>Opportunities to enhance the use of resources during project review processes have been identified, including for scaling up successful experiences</p> <p>Information sharing between funds to identify and help assess similar or linked proposals from the same applicants (and to address forum shopping)</p> <p>Developing standardised advice to applicants regarding the options available at the climate finance delivery channels, if possible, which options are more suited to which type of proposal</p>
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### Element 6: Accreditation and work with entities

Outcomes 2017-2018	<p>Identification of opportunities to fast track accreditation of entities, leveraging the work of other funds</p> <p>Application of lessons learned and best practices across the accreditation process</p> <p>Collaboration with entities, including information sharing, with regards to other elements of the Operational Framework, such as on programming, capacity building, etc.</p>
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### Element 7: Private sector engagement

Outcomes 2017-2018	<p>Identification of opportunities for enhance and coordinate outreach to private sector</p> <p>Identification of options to maximize the use of financial instruments across the climate finance landscape</p> <p>Sharing information on new, innovative instruments and experiences, for example, drawing on the Request for Proposals for mobilising funds at scale</p>
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### Element 8: Policies and procedures

Outcomes 2017-2018	<p>Exchange of experiences and identify possible steps to:</p> <p>Streamline the implementation of environmental and social safeguards (ESS), fiduciary standards, monitoring and evaluation approaches</p> <p>Harmonise methodologies, including on co-financing</p> <p style="padding-left: 40px;">c) Standardise indicative minimum benchmarks</p> <p>Exchange experiences and harmonize where possible the application policies related to accredited entities (AEs), including on fees, safeguards, etc.</p>
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### Element 9: Knowledge management and sharing

Outcomes 2017-2018	<p>Collaboration on enhancing knowledge management and sharing across different climate finance delivery channels</p> <p>Integrate relevant lessons and best practices across different climate finance delivery channels into operations of the GCF, and share GCF lessons for similar consideration</p>
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### Element 10: Work of the independent evaluation unit

Outcomes 2017-2018	<p>i. Sharing of information, lessons learned and best practices and collaboration across different climate finance delivery channels</p>
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#### Pillar III: Promotion of coherence at the national programming level

To promote greater coherence at the national level, the GCF and other funds need to consider country investment programmes, national policy frameworks and the work programmes of accredited/implementing entities/agencies. Table 2 below sets out those outcomes sought at the operational level within the business models and policies of the different funds, in each case, in close consultation with the relevant national authorities.

### Table. 2 Actions to promote coherence at the national programming level

#### Element 1. Country programmes and country engagement

Outcomes 2017-2018	<p>Coordination of country programming, investment planning and pipeline development between funds (e.g. national designated authorities (NDAs), Global Environment Facility Focal Points, CTCN National Designated Authorities, etc.).</p> <p>Enhance sharing of information on support requests vis-à-vis national policies by NDAs and accredited entities (AEs)</p>
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**Table. 2 Actions to promote coherence at the national programming level**

Explore opportunities to maximize use of resources during project review formulation	
<b>Element 2: Policy frameworks</b>	
Outcomes	Exchange best practices and coordinate in the application of GCF country ownership guidelines
2017-2018	Climate finance delivery channels to coordinate financing of the national adaptation plans (NAPs), Technology Needs Assessment (TNAs), Nationally Appropriate Mitigation Actions (NAMAs), Measurement, Reporting and Verification (MRV), and so on, in consultation with the respective stakeholders
	Collaboration between climate finance delivery channels to maximize engagement with AEs including direct access entities
<b>Element 3: Country-driven coordination</b>	
Outcomes	Enhanced channels for communication between different focal points (NDAs and other respective focal points under the different Funds within the country), where applicable
2017-2018	Coordinate the development of GCF country programmes to utilize opportunities across the climate finance landscape as part of the process of engaging existing and prospective implementing entities to identify the practical steps that will enable implementation of the country's strategies with support from the GCF.
	Identify issues that may arise throughout the programming process where enhanced coordination between NDAs and accredited entities can be beneficial to enhance the support to help the country realize a paradigm shift in its efforts to achieve low-emission and climate-resilient development.

Pillar IV: Complementarity at the level of delivery of climate finance through an established dialogue

### **Annual dialogue of climate finance delivery channels**

The Annual Dialogue of climate finance delivery channels will support the implementation of the Operational Framework by providing a space for high-level consultation and dialogue between climate finance delivery channels, in line with decision B.13/12, paragraph (b). The Executive Director will host and is responsible for the Annual Dialogue and will advise the Co-Chairs of the Board on the timing, scope and organization of the Annual Dialogue at least two months in advance of the meeting. In the future, other Funds may offer to host the Dialogue in collaboration with the GCF.

### **Coordination arrangements between secretariats**

Coordination arrangements will facilitate the implementation of the Operational Framework. Such arrangements are to be developed by the GCF Secretariat in collaboration with secretariats of other climate finance delivery channels to advance operational matters of this framework. Each participant is welcome to report, as appropriate, on progress and activities to their respective board, in accordance with their own procedures and governance structures.

Coordination arrangements are to be efficient, results-oriented, avoid duplication and operate in line with relevant guidance. Building on existing initiatives and lessons learned, such arrangements may include working groups, information sharing platforms, and joint events and so on. Where possible, however, the implementation of the framework, particularly lessons learned, will be integrated into ongoing operations and processes.

### **Country programming as the interface to support work related to advancing coherence at the national programming level**

Actions to promote coherence at the national programming level are to be pursued in a country-driven manner. Country programming will serve as the interface between actions to promote coherence at the national programming level and enhancing complementarity at the activity level. The Readiness and Preparatory Programme is available to support countries as they pursue actions related to this work, in line with the overall objective and existing guidelines of the programme.

### **Input to the Standing Committee on Finance**

The Standing Committee on Finance could consider the information on the efforts under this Operational Framework. Outcomes and updates related may be included in the report to the COP.

(Note: The appendix Matrix of the GCF and other climate finance delivery channels can be found at the following link: <https://www.greenclimate.fund/documents/20182/751020/GCF.B.17.21.Decisions.of.the.Board.seventeenth.meeting.of.the.Board.5.6.July.2017.pdf/95256895-d699-404e-b3c0-a46b2558ceaf>)

### **DECISION B.13/12: Operational framework on complementarity and coherence with other funds**

The Board, having considered document GCF/B.13/08 titled “Complementarity and coherence with other funds”,

- (a) Decides to prepare, with the support of the Secretariat, an operational framework on complementarity and coherence to be considered by the Board at its fifteenth meeting, and as a basis for the cooperation of the Board with the Standing Committee on Finance;
- (b) Reaffirms that the following key elements shall form part of the operational framework, in accordance with the Governing Instrument for the GCF:
  - (i) Board-level discussions on fund-to-fund arrangements;
  - (ii) Enhanced complementarity at the activity level;
  - (iii) Promotion of coherence at the national programming level; and
  - (iv) Complementarity at the level of delivery of climate finance through an established dialogue;
- (c) Requests the Secretariat to prepare a document presenting options for the operationalization of the key elements outlined in paragraph (b) above, and to present it for consideration by the Board at its seventeenth meeting; and
- (d) Also requests the Co-Chairs of the Board, with the support of the Secretariat, to initiate an annual dialogue with climate finance delivery channels, commencing at, and in conjunction with, the fifteenth meeting of the Board, and thereafter annually and in conjunction with a Board meeting to be held at GCF Headquarters in Songdo, Incheon, Republic of Korea, with other funds in order to enhance complementarity at the activity level.

### **PROCUREMENT GUIDELINES**

#### **DECISION B.23/02 (d): Updated Workplan of the Board for 2019**

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”:

- (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);

#### **DECISION B.17/01 (c): Extension of approval period for the corporate procurement guidelines (consultants and good and services)**

- (c) Decides, recalling decision B.12/39, paragraph (a), to approve the continued application of the corporate procurement guidelines on the use of consultants and the corporate procurement guidelines for goods and services, until the Board shall have approved the revised guidelines.

(Note: The full text of decision B.17/01 is located under Work Plan of the Board in Chapter V, see DECISION B.17/01: Updated Work Plan of the Board for 2017)

### **DECISION B.12/39: Extension of approval period for the Administrative guidelines on procurement**

The Board, having reviewed document GCF/B12/19 titled “Extension of approval period for the Administrative guidelines on procurement”,

- (a) Decides to approve the continued application of the Corporate procurement guidelines on the use of consultants and the Corporate procurement guidelines for goods and services, until the Board shall have approved the revised guidelines, which should be no later than the seventeenth of the Board meeting; and
- (b) Authorizes the Executive Director to implement the guidelines.

### **DECISION B.11/07: Extension and review of Corporate procurement guidelines**

The Board, having reviewed document GCF/B.11/20 titled “Update to administrative guidelines on corporate procurement”:

- (a) Decides to extend the period of application of the Corporate Procurement Guidelines on the Use of Consultants and the Corporate Procurement Guidelines for Goods and Services, as approved by the Board in decision B.08/21, to the end of its twelfth meeting;
- (b) Further decides that the Board will review the guidelines at its twelfth meeting; and
- (c) Authorizes the Executive Director to implement the guidelines.

### **DECISION B.08/21: Approval of Corporate Procurement Guidelines**

The Board, having reviewed document GCF/B.08/31 Administrative Guidelines on Procurement:

- (a) Approves the Corporate Procurement Guidelines on the Use of Consultants and the Corporate Procurement Guidelines for Goods and Services, contained in Annexes XXVIII and XXIX, respectively, for a period to last until the third Board meeting of 2015;
- (b) Authorizes the Executive Director to promulgate the guidelines for a period to last until the end of 2015;
- (c) Requests the Secretariat to seek further written comments from the Board on the guidelines until the end of 2014;
- (d) Requests the Secretariat to present, at the second Board meeting of 2015, an information note with the changes to be incorporated into the guidelines on the basis of the comments from the Board; and
- (e) Decides that the Board will review the guidelines, on the basis of the information note, at its last Board meeting of 2015.

(Note: Annexes XXVIII and XXIX mentioned in decision B.08/21 can be found at the following link: [https://www.greenclimate.fund/documents/20182/24946/GCF\\_B.08\\_45\\_-\\_Decisions\\_of\\_the\\_Board\\_-\\_Eighth\\_Meeting\\_of\\_the\\_Board\\_14-17\\_October\\_2014.pdf/1dd5389c-5955-4243-90c9-7c63e810c86d](https://www.greenclimate.fund/documents/20182/24946/GCF_B.08_45_-_Decisions_of_the_Board_-_Eighth_Meeting_of_the_Board_14-17_October_2014.pdf/1dd5389c-5955-4243-90c9-7c63e810c86d))

## **GUIDELINES ON BUDGET AND ACCOUNTING SYSTEMS**

### **\*DECISION B.BM-2015/05: Administrative Guidelines on Budget and Accounting Systems**

The Board having reviewed document B.BM-2015/04 Administrative Guidelines on the Budget and Accounting System:

- (a) Approves the Administrative Guidelines on the budget and accounting system contained in Annex I hereto;

- (b) Notes that the Board retains the right to request revision of these guidelines if warranted; and
- (c) Confirm the Executive Director to promulgate and implement the guidelines.

### Annex I: Administrative Guidelines on the Budget and Accounting System

#### **I. Introduction**

1. The objective of these guidelines is to formulate and document the procedures applied by the Secretariat in order to implement policies pertaining to the administrative budget of the Fund to:

- (a) Ensure that all financial transactions are recorded completely in a timely manner; and
  - (b) Define and document the operating controls, which will be followed by the financial management team.
2. The scope of these guidelines shall apply to:
- (a) Budget preparation, execution and monitoring activities; and
  - (b) Accounting principles, financial reporting, financial transactions, including payment processing, payroll and other expenditure processing, cash and bank, as well as fixed assets and liabilities.

#### **II. Implementation and compliance**

3. The instructions contained in these guidelines are to be read in conjunction with the International Financial Reporting Standards (IFRS); the Administrative Policies of the Fund (GCF/BM-2014/01); the Administrative Guidelines on Procurement (GCF/B.08/31); and the Administrative Guidelines on Internal Control Framework and Internal Audit Standards (GCF/B.09/18).

4. The financial management team along with all divisions of the Secretariat shall be required to ensure implementation of and compliance with these guidelines before processing any financial transactions. The guidelines and procedures detailed in this document shall apply to all financial and accounting operations performed by all staff members of the Fund. All staff members of the Fund shall have a thorough understanding of these and all other related administrative guidelines.

#### **III. Exceptions to financial guidelines**

5. Exceptional circumstances may exist which would render it difficult to comply with financial guidelines and procedures. Any exceptions shall be approved by the Chief Financial Officer (CFO)/Director Support Services (DSS) within the framework of the Fund's objectives and approved policies. Reasons for allowing such an exception shall be recorded in writing and placed in the relevant file.

#### **IV. General accounting principles and policies**

##### 4.1 Accounting policy

6. The accounting policies used by the Fund are required in order to comply with IFRS (as per decision B.08/18).

##### 4.2 Axioms of Fund accounting

7. IFRS is based on the following major axioms relating to the environment in which transactions take place. These axioms provide the underlying basis for the Fund's accounting, and they are as follows:

- (a) **Economic and legal entity:** This assumes that an economic activity (financial transaction) can be identified with a particular unit of accountability. The economic and legal entity is the Fund;
- (b) **Monetary unit:** This assumes that money is the common denominator by which economic activity is conducted, and that the monetary unit provides an appropriate basis for measurement and analysis. The unit of account for the Fund is the United States dollar;
- (c) **Periodicity:** This assumes that the activities and, therefore, the financial flows of an entity, can be divided into any chosen time period. The financial statements of the Fund are prepared on the basis of a full calendar year; and
- (d) **Elements of financial statements:** Financial statements group transactions and other events into broad classes according to their economic characteristics, which IFRS terms the "elements of financial statements". The elements that are directly related to the statement of financial position are assets, liabilities and net assets. The elements that are directly related to the statement of activities are income and expenditures.

##### 4.3 Accounting standard

8. International Accounting Standard 1 (IAS 1) is the standard which will be applied in the presentation of all general purpose financial statements prepared and presented in accordance with IFRS.

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### 4.4 Accounting concepts

9. The following key accounting concepts underline the presentation of general purpose financial statements.

- (a) **Fair presentation and compliance with the International Financial Reporting Standards:** The Fund's financial statements will present, in a faithful and fair manner, the financial position, financial performance and cash flows of the Fund. The appropriate application of IFRS, with additional disclosure where necessary, results in financial statements that achieve a fair presentation.
- (b) **Neutrality:** To be reliable, the information contained in the financial statements must be neutral, and free from bias. Selection or presentation of information that influences the making of a decision or judgement in order to achieve a predetermined result or outcome must be avoided.
- (c) **Prudence:** The preparers of financial statements have to contend with the uncertainties that inevitably surround many events and circumstances, such as the collectability of doubtful receivables, or the probable useful life of plant and equipment. Such uncertainties are recognized by the disclosure of their nature and extent, and by the exercise of prudence in the preparation of financial statements. Prudence is the inclusion of a degree of caution in the exercise of the judgements needed in making the estimates required under conditions of uncertainty, such that assets or income are not overstated and liabilities or expenses are not understated.
- (d) **Accounting guidelines/procedures:** The Fund will apply accounting policies to ensure that the financial statements, while complying with all the requirements of IFRS, provide information which:
- (i) Represents faithfully the results and financial position of the Fund;
  - (ii) Reflects the economic substance of events and transactions;
  - (iii) Is free from bias;
  - (iv) Is prudent; and
  - (v) Is complete in all material respects
- (e) **Going concern:** Financial statements shall be prepared on the assumption that the Fund is a going concern and will continue its operations for the foreseeable future. Hence, it is assumed that the Fund has neither the intention nor the need to liquidate or materially curtail the scale of its operations.

If management is aware of material uncertainties relating to events or conditions which may cast significant doubt upon the Fund's ability to continue as a going concern, those uncertainties will be disclosed.

- (f) **Accruals:** The Fund will prepare its financial statements, except for cash flow information, under the accrual basis of accounting.
- Under the accrual basis of accounting, transactions and events are recognized when they occur (and not when cash or its cash equivalent is received or paid), recorded in the accounting records, and reported in the financial statements of the periods to which they relate.
- (g) **Consistency of presentation:** The presentation and classification of items in the financial statements will be retained from one period to the next unless a significant change in the nature of the operations of the Fund or a review of its financial statement presentation demonstrates that the change will result in a more appropriate presentation of events or transactions; or a change in presentation is required by IFRS.
- (h) **Offsetting:** Assets and liabilities will not be offset except when offsetting is required or permitted by IFRS.

Items of revenue and expense will be offset when and only when:

- (i) Required by IFRS; or
  - (ii) Gains, losses and related expenses arising from the same or similar transactions and events are not material.
- (i) **Comparability:** Users must be able to compare the financial statements of the Fund through time in order to identify trends in its financial position and performance. Therefore, the measurement and display of the financial effect of similar transactions and other events must be carried out in a consistent manner over time.

Comparative information will be disclosed in respect of the previous period for all numerical information in the financial statements. Comparative information will be included in the narrative as will descriptive information when it is relevant to an understanding of the current period's financial statements.

An important implication of comparability is that users should be informed of the accounting policies employed in the preparation of the financial statements, any changes in those policies and the effects of such changes. When the presentation or classification of items in the financial statements is amended, comparative amounts will be reclassified.

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(j) **Materiality and aggregation:** Each material item will be presented separately in the financial statements. Immaterial amounts will be aggregated with amounts of a similar nature or function and need not be presented separately.

(k) **Matching:** The matching principle requires that expenses are “matched” with related revenues in order to report the results accurately during a specified time interval.

### V. Property plant and equipment

#### 5.1 General guidelines

10. Property, plant and equipment (PPE) items are also known as "fixed assets".

11. IAS 16 defines property, plant and equipment as those assets where it is probable that the future economic benefits associated with the asset will flow to the entity, and the cost of the asset can be measured reliably.

12. Items shall be recognized as PPE by the Fund when:

- (a) They are tangible assets that are held and used for more than one financial year;
- (b) The items are generally in the legal ownership of the Fund, but also include leasehold improvements, leased property and equipment, which can be capitalized in accordance with IAS 17. For finance lease, see below; and
- (c) The cost of the asset is above the threshold set-out in the capitalization limit.

#### 5.2 Capitalization limit

13. Any expenditure on PPE above US\$ 2,000 in value shall be capitalized and depreciated/amortized over the estimated useful lives of the items. Any expenditure on PPE below US\$ 2,000 shall be expensed directly.

14. All items of PPE that meet the recognition criteria shall be recorded in the fixed assets register. The following details shall be recorded:

- (a) Date of purchase, cost and description of asset;
- (b) Asset class, useful life, depreciation rate and method;
- (c) Supplier name, warranty, invoice number and serial number; and
- (d) Location of asset and custodian name.

#### 5.3 Valuations

15. **Acquisition cost:** An item of PPE should initially be measured at cost.

16. The cost comprises its purchase price and all expenses attributable to bringing and installing the asset in working condition in its needed location.

17. Property and equipment acquired on credit or by instalment is recorded at its cash purchase price. The difference between credit and cash price, if any, should be considered as financing cost to be amortized over the credit period.

18. PPE that is donated or granted to the Fund should be recognized at a fair value at the date of the donation or grant.

#### 5.4 Depreciation

19. Depreciation is the systematic allocation of the depreciable amount of an item of PPE over its estimated useful life. Depreciation of PPE shall be based on the full acquisition cost of the PPE, net of expected salvage value, as applicable.

20. The Fund follows the straight-line method of depreciation, which should be applied consistently from period to period unless altered circumstances justify a change. Depreciation of a fixed asset commences from the month that the item is put to use.

21. Land and buildings are separable assets and are dealt with separately for accounting purposes even when they are acquired together. Land normally has an unlimited life and therefore does not undergo depreciation. Buildings have a limited useful life and are depreciable assets.

Table 1: Estimated useful lives of assets

Property	Useful life	Plant and equipment	Useful life
Land	No depreciation	Motor vehicles	3–5 years
Buildings	25–60 years	Computer equipment	3–5 years
Leasehold Improvements	In accordance with the duration of the lease	Office equipment and furniture	3– years

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Construction in progress	No depreciation	General equipment	5–10 years
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### 5.5 Disposal or retirement of property and equipment

22. An item of PPE should be eliminated from the fixed assets register on disposal or when it is permanently withdrawn from use and no further economic benefits are expected from its disposal. This can arise in the following situations:

- (a) Sale to third party; and/or
- (b) Scrapping when an item becomes unusable, obsolete, or damaged beyond economic repair.

### 5.6 Responsibilities

23. Users of the assets have the responsibility to treat all assets in their custody in a careful manner.

24. The IT team is responsible for managing the security of all IT equipment.

25. CFO/DSS is responsible for overall management of PPE.

### 5.7 Controls and standard operating procedures

26. Procedures should be in place in order to identify custodial responsibility, and physical security measures, consistent with the value and vulnerability of the asset.

27. There should be periodic physical counts for verification purposes and differences noticed during a physical count shall be investigated. Due approval should be taken before any adjustments/write-offs are made.

28. Titles/ownership documents (property and motor vehicles) should be kept in a secure place.

29. Assets are properly safeguarded against physical damage, in accordance with insurance policies. Levels of cover and insured risks should be regularly reviewed.

## VI. Leases

### 6.1 Nature and definition

30. IAS 17, paragraph 8, sets out guidelines for determining whether a lease is a finance lease or an operating lease. In all situations it is the substance of the transaction rather than the form of the contract which is important.

31. A lease is an agreement whereby the lessor conveys to the lessee (the Fund), in return for a payment or a series of payments, the right to use an asset for an agreed period of time. Leases are classified in the following categories:

- (a) Finance lease: A Finance Lease is a lease that transfers substantially all the risks and rewards incident to ownership of an asset. Title may or may not eventually be transferred; and/or
- (b) Operating lease: A lease other than a finance lease.

### 6.2 Recognition principles

#### 6.2.1 Finance lease

32. The following situations would normally lead to a lease being classified as a finance lease:

- (a) The lease transfers ownership of the asset to the Fund at the end of the lease term;
- (b) The Fund has the option to purchase the asset at a price which is expected to be sufficiently lower than fair value at the date that the option becomes exercisable, such that it is reasonably certain that the option will be exercised;
- (c) The lease term is for the major part of the economic life of the asset even if the title is not transferred;
- (d) At the inception of the lease, the present value of the minimum lease payments amounts to substantially all of the fair value of the asset; or
- (e) The leased assets are of a specialized nature such that only the Fund can use them without major modifications being made.

33. Lease payments should be apportioned between the finance charge and the reduction of the outstanding liability.

34. A finance lease gives rise to a depreciation expense for depreciable assets as well as a finance expense for each accounting period. The depreciation policy should be consistent with the Fund's normal rates. If there is no certainty that the Fund will obtain ownership by the end of the lease term, the asset should be fully depreciated over the shorter of the lease term or its useful life.

**6.2.2 Operating lease**

35. Lease payments under an operating lease are a normal expense and flow through to the statement of activity.

**VII. Banks and cash for execution of the administrative budget of the Fund**

**7.1 General guidelines**

36. The rule is to ensure that accounting and reporting for banks are in accordance with IFRS requirements, and that there are adequate controls over the management of bank accounts.

37. Banks comprises local or foreign currency deposits in banks which can be added to or withdrawn without limitation and are immediately available for use in current operations.

38. Cash here refers to petty cash balances and transactions.

**7.2 Valuation**

39. Banks and cash equivalents in currencies other than the United States dollar are recorded at the market rates in effect at the time of transaction and are restated to the equivalent United States dollar amount at prevailing market rates as at the date of the statement of financial position.

**7.3 Controls and standard operating procedures**

**7.3.1 Account opening and operations**

40. Bank accounts are only opened with the approval of the Executive Director. Banks must be rated by a recognized international or national agency (e.g. Standard & Poor's, Moody's, Fitch). The justification for opening a new account shall be documented.

41. All bank accounts shall be in the name of the Fund.

42. Wherever possible bank accounts will have electronic banking facilities available for authorized users.

**7.3.2 Bank receipts**

43. All monies received shall be in the name of the Fund.

**7.3.3 Bank payments**

44. Bank transfers shall be prepared based on the determination that the transaction is valid and is in accordance with the relevant rules. The bank transfer requests should be supported by adequate documentation.

45. A minimum of two authorized signatories are required to countersign the transactions as approved by the Executive Director.

**7.3.4 Bank reconciliation**

46. Bank reconciliations statements shall be prepared on a monthly basis for all bank accounts.

47. Adjustments (if any) made to the books in order to reconcile the bank account balances with the ledger must be approved by a relevant person other than the adjuster.

48. Authorized personnel preparing and reviewing the bank reconciliation shall sign and date the reconciliation indicating the date:

- (a) The reconciliation was completed; and
- (b) The reconciliation was reviewed.

49. All reconciling items should be identified and included in the bank reconciliation.

Reconciling items shall include:

- (a) Items that would clear over a period of time;
- (b) Items requiring adjustments to clear them, either by the bank or with an adjusting voucher in the financial records; and
- (c) Items which require further information before adjustments can be made.

50. Any non-reconciling items shall be addressed accordingly in coordination with external and internal parties. Bank reconciliations shall be filed within the financial management team and made available to internal/external auditors, upon request.

51. Supporting documentation for the bank account balance, general ledger account balance and significant reconciling items shall be attached to the reconciliation.

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52. The financial management team's review shall focus on unusual items, and shall agree to the details in the bank statement and the corresponding general ledger before granting approval.

### 7.3.5 Closing bank accounts

53. Bank accounts are only closed with the approval of the Executive Director.

### 7.4 Petty cash

54. Petty cash shall be maintained to make small cash disbursements and shall be kept in a locked safe/storage cabinet.

55. The petty cash shall be maintained on an imprest basis.

56. There shall be a custodian of the petty cash fund. The custodian shall be responsible for the actual disbursement and safe-keeping of the cash. Access to the petty cash fund must be restricted to the custodian only.

57. No payment shall be split to bypass the petty cash limit.

58. The petty cash fund shall be reconciled regularly. Any discrepancy in the amount held shall be notified to the CFO/DSS immediately.

59. The petty cash fund shall only be used for small cash disbursements for purchases where bank transfer would not be practical or possible (for example small purchases, taxi fares, etc.).

## VIII. Expenses, payables and accruals for execution of the administrative budget of the Fund

### 8.1 General guidelines

60. Expenses are decreases in economic benefits during the accounting period in the form of outflows, depletion of assets or incurrence of liabilities that result in decreases in net assets.

61. Expenses are outflows or other activities using up assets or incurrence of liabilities (or a combination of both) from delivering goods, rendering services, or carrying out other activities that constitute the organization's ongoing major or central activities.

### 8.2 Natural classification

62. The operating expenses can be classified within the following groups:

- (a) **Personnel costs:** IAS 19 (Revised) - Employee benefits are defined as all forms of consideration given by an entity in exchange for service rendered by employees or for the termination of employment. This includes the salaries, benefits and all the associated cost of regular employees;
- (b) **Travel:** Domestic and international travel expenses incurred by the Fund;
- (c) **Depreciation** includes the depreciation charge on PPE, the amortization charge on intangible assets and any impairments of PPE and/or intangible assets;
- (d) **Supplies and services** include, but are not limited to: non-consumable items which are not capitalized, supplies for the office/facility, items not included in personnel costs such as cost of casual labour, trainees and other professional services. This category also includes other general expenses which do not strictly fall into the definition of supplies or services but could be a combination of both. These include items such as in-service training, rentals, repairs and maintenance, utilities, telecommunications, vehicles operational costs, and general insurances; and
- (e) **Financial costs** include interest charges, exchange rate gains/losses and any financial charges relating to the Fund's investment activities.

### 8.3 Recognition

63. An expense is recognized immediately when expenditure produces no future benefit or when future economic benefits cease to qualify for recognition as assets in the statement of financial position.

64. When economic benefits are expected to arise over several accounting periods and the association with revenue can only be broadly or indirectly determined, expenses are recognized on the basis of systematic and rational allocation procedures (e.g. depreciation and amortization).

65. At the end of a reporting period, an accrual should be made for any expenses for which an invoice or a demand for payment has not been received, if those expenses have been incurred before the reporting date. The amount of the accruals should follow the same principles for recognition indicated above.

66. A prepayment should be recognized for any costs not yet incurred but for which payment has been made.

### 8.4 Controls and standard operating procedures

67. All expense items must be approved in accordance with the delegation of authority.

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68. Supporting documentation will be retained in accordance with the Fund's retention policy, which specifies a five-year period.
69. CFO/DSS is responsible for ensuring that all processes pertaining to expenses provide adequate internal control.
- 8.5 Expenses booking/accrual process
70. An obligation arises when the Fund enters into a formal contract, agreement, purchase order or other form of undertaking. The expenses should be accrued against an obligation as per the IFRS guidelines.
71. All expenses/accruals shall have the budget code against which the expense is being incurred, and shall be approved by the budget holders. The availability of a corresponding budget needs to be verified in advance.
72. For expenses that are made for more than one division, the cost should be shared by the relevant divisions on a reasonable basis (e.g. training cost can be shared based on the number of participants from each division).
- 8.6 Disbursement process
73. The disbursement process is the last action in the settlement of an expense. The invoice shall be approved by the line manager/budget holder. Upon approval, the invoice should be submitted to the financial management team for further checking and processing of the payments.
74. All disbursements shall be made by bank transfer except for the payment of some daily subsistence allowance and disbursements authorized as petty cash.
- 8.7 Expense claims
75. All claims shall be submitted to the financial management team using a travel expenses claim or a petty cash voucher, as applicable, along with relevant supporting documentation.
76. All travel claims shall be submitted with supporting documents within 15 working days of completion of travel.
- 8.8 Payroll
77. Staff benefit claims shall be submitted to the Human Resources Unit for approval, after which the claims should be submitted to the financial management team for review and processing of the payment.
78. The Human Resources Unit shall provide and update staff payroll data by the fifteenth day of each month.
79. Salaries of staff will be credited by electronic transfer to the bank account designated by the staff member.
80. The financial management team shall ensure timely and accurate payment of staff compensation. Payments of salaries shall be made no later than the twenty-fifth of the current month. In cases where the payment date falls on the weekend or a public holiday, the salaries shall be paid on the last working day before the official pay day.
- 8.9 Financial recording and closing procedures
81. **Financial ledger and records:** The Fund will select and implement accounting software that provides the needed functionality regarding recording, reporting and internal controls.
82. The financial management team shall design and develop a coding structure that provides the framework for all accounting and reporting needs.
83. The financial transactions shall be kept and maintained in accordance with IFRS.
- 8.10 Closing activities
84. The following section defines the key closing activities that are to be performed before the end of each reporting period – month, quarter or year.
85. **Expense provisions and scheduling:** All expenses, major accruals and provisions shall be recognized.
86. The financial management team shall reconcile balances with the corresponding asset accounts in the ledger and compute variance analysis. The Financial Unit should also prepare at least the following schedules on a monthly basis:
- (a) Creditors ageing schedule and analysis;
  - (b) Bank reconciliation statement for all active bank accounts;
  - (c) Petty cash reconciliation for petty cash; and
  - (d) Schedule for accruals and prepayments.
87. The financial management team shall complete the following activities for the review of the accounts and adjustments made thereto:

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- (a) Ensure all reconciling items are cleared and significant trend movements are justifiable; and
- (b) Review identified period-end adjustments, approve all manual journal entries to be posted, and close the period in the ledger.

### IX. Presentation of financial statements

88. A complete set of financial statements includes:

- (a) Statement of financial position;
- (b) Statement of financial performance;
- (c) Statement of changes in net assets/equity;
- (d) Cash flow statement; and
- (e) Notes, comprising a summary of significant accounting policies and other explanatory notes.

89. The Fund shall present current and non-current assets and current and non-current liabilities as separate classifications on the face of the statement of financial position.

90. The notes to the financial statements shall:

- (a) Present information about the basis of preparation of the financial statements as well as the specific accounting policies selected and applied for significant transactions and other events;
- (b) Disclose the information required by IFRS that is not presented elsewhere in the financial statements; and
- (c) Provide additional information which is not presented on the face of the financial statements but that is necessary for a fair presentation.

91. Notes to the financial statements shall be presented in a systematic manner.

### X. Annual administrative budget

#### 10.1 Budget objectives

92. The main objectives of the annual administrative budget of the Fund are:

- (a) To establish financial parameters within which the administrative operations of the Fund should be conducted;
- (b) To empower individual budget holders so that they have the responsibility and authority to make sound business decisions, and to ensure the efficient and effective use of resources;
- (c) To provide a management tool, where actual expenditures can be monitored against budgets regularly, and remedial action can be taken where needed; and
- (d) To develop a strong budget culture within the organization. Budget management can be a key tool for the evaluation of resources spent vis-a-vis a division's contribution towards achieving the overall objectives of the Fund.

#### 10.2 Budgeting process

93. The framework below captures the key stages of the Fund's administrative budgeting process. The budget preparation will be the responsibility of CFO/DSS, with active engagement of the other divisions.

94. **Step 1: Issue budget guidelines and template:** An annual administrative budget brief and templates will be issued by CFO/DSS to each operating division/office. CFO/DSS shall also issue a budget preparation memo, which provides an outline of the budget preparation process, the responsibilities of division directors and the financial management team, time schedules, and deadlines for budget preparation.

95. **Step 2: Budget preparation:** Each division/office head is responsible for preparing and submitting his or her budget to CFO/DSS following a bottom-up budget preparation process within a given budgetary ceiling. The ceiling will be determined based on realistic projections of resource availability for the budget period.

96. **Step 3: Budget consolidation and approval:** CFO/DSS will be responsible for consolidating all budget submissions from each division in the form of a budget paper for review by the senior management team. CFO/DSS will present the consolidated budget to the Board for approval at its last meeting preceding the budget year.

97. Once the budget is approved, the financial management team will upload the approved budget into the financial system and administer, monitor and report on it.

98. **Step 4: Budget implementation:** As part of its administering, monitoring and reporting role, the financial management team, shall ensure that expenditures incurred by each division remain within the level of the approved budget and that they serve the purposes for which they were intended. The Executive Director can reallocate resources in such a way that the total expenditure does not exceed the Board approved annual budget.

### 10.3 Budget framework

99. The administrative budget is allocated under the following components:

- (a) The Board;
- (b) The Secretariat (including relevant divisions/offices); and
- (c) The (Interim) Trustee.

100. Each significant activity within the above components will have its own budget and designated budget holder(s). The list of activities and reporting format may change from time to time to meet the business needs.

### 10.4 Responsibilities

101. The Board of the Fund has final responsibility for approval of the annual administrative budget.

102. The Board approves the administrative budget of the Fund, and reviews reports on its executions and related audit reports (GCF/B.07.07, paragraph 31 (j)).

103. Division/Office heads are responsible and accountable for managing the budgets handled by them.

### 10.5 Budget monitoring and variations

104. The Board and Secretariat budget shall be monitored on regular basis for expenses. The financial management team shall prepare variance statements showing the actual expenditure and shall forward the report to the divisions/offices for adequate monitoring.

105. The variance statements and reports shall contain the following:

- (a) The approved budget;
- (b) Actual performance in comparison to the budget; and
- (c) Variance (year to date).

## XI. Glossary and definitions

- (a) **"Accounting policies"** - the specific principles, bases, conventions, rules and practices adopted by the Fund in preparing and presenting financial statements;
- (b) **"Allocation"** - the amount of funds allocated for administrative expenditure in a particular time period, generally a fiscal year;
- (c) **"Appropriations"** - the aggregate of the expenditure authorizations approved by the Board for the regular administrative budget of the Fund for a financial period against which expenditures may be incurred for purposes approved by the Board;
- (d) **"Budget"** - the annual administrative budget approved by the Board indicating estimated resources and expenditures for a financial period;
- (e) **"Cash and cash equivalents"** - cash includes cash in hand and in the bank. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash with original maturities of three months or less and that are subject to an insignificant risk of change in value;
- (f) **"Cash flow statement"** - reports the Fund's cash activities. It reports cash receipts and payments, and the net change resulting from operating activities;
- (g) **"Estimated useful lives"** - the time period in which a fixed asset is expected to provide economic benefit to the Fund at the end of which it is expected that it will be retired from use;
- (h) **"Fair value"** - the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction;
- (i) **"Financial management team"** - the team responsible for financial accounting and reporting, treasury operations, budget compliance, monitoring and planning, and asset-liability management;
- (j) **"Financial records"** - the manual or computerized records of assets and liabilities, monetary transactions, as well as supporting documents (such as contracts, invoices and vouchers), which the Fund is required to maintain in its records;
- (k) **"Financial statements"** - a formal record of the financial activities of the Fund that is used to describe its financial position and financial performance; they include the income and expenditure statement, balance sheet, cash flow statement and statement of equity as well as notes to the statements;
- (l) **"Furniture and fixtures"** - immovable items affixed to a real property, such as raised floors, carpets, etc., and movable item such as tables, chairs, desks, filing cabinets, etc.;

- (m) **“General Fund”** - the pooled account established for the purpose of managing the Fund’s administrative costs and core activities;
- (n) **“General ledger”** - contains all the accounts for recording transactions relating to the Fund’s assets, liabilities, equity, revenue and expenses;
- (o) **“IT equipment”** - associated equipment employed to collect, process, and present information for coding/programming processes, data communications, data conversions, storage and retrieval, system analysis and system control;
- (p) **“Liabilities”** - all present commitments of the Fund arising from past events, the settlement of which is expected to result in an outflow of resources from the Fund, embodying economic benefits or service potential;
- (q) **“Notes to the financial statements”** - explains the items presented in the main body of the financial statements. They are explanatory notes on items in the financial statements and on accounting policies used;
- (r) **“Office equipment”** - consumables and non-consumables that are regularly used in the offices of the Secretariat. Non-consumables include computer equipment, photocopiers, printers, fax machines, telephone equipment, etc., whereas consumables include paper, paper clips, Post-it notes, staples, etc.; and
- (s) **“Payables”** - represent the current liability, the monetary value of which an entity owes to contractors for goods or services purchased on credit.

### GUIDELINES ON INTERNAL CONTROL FRAMEWORK AND INTERNAL AUDIT STANDARDS

#### **\*DECISION B.BM-2015/06: Administrative Guidelines on the Internal Control Framework and Internal Audit Standards**

The Board, having considered the information contained in document GCF/BM-2015/Inf. 06 Administrative Guidelines on the Internal Control Framework and Internal Audit Standards:

- (a) Adopts the Committee of Sponsoring Organizations of the Treadway Commission (COSO) framework as the internal control framework for the Green Climate Fund (the Fund);
- (b) Also adopts the Institute of Internal Auditor’s (IIA) International Professional Practices Framework (IPPF) that comprises the Definition of Internal Auditing, the Standards, and the Code of Ethics applied to the Fund’s internal auditor; and
- (c) Requests that the Executive Director implement the internal control framework and oversee the implementation of the internal audit framework by the Fund’s Internal Auditor in line with Annex I to this document.

#### Annex I: Green Climate Fund administrative guidelines on the internal control framework and internal audit standards

##### **I. Internal control framework**

###### 1.1 Purpose of the internal control framework

1. The primary purpose of the internal control framework is to:

- (a) Provide the Fund with a systematic approach to implementing a system of internal controls over its processes and activities;
- (b) Help to provide internal and external stakeholders with the assurance that the Fund’s financial and operational processes are managed in a manner that supports the achievement of its strategic plans and priorities as set out by the Board;
- (c) Identify the requirements for establishing an effective internal control system for the Fund, with the requisite objectives, components and concepts;
- (d) Provide a mechanism for identifying and managing systemic risks that could affect the achievement of its business objectives and/or expose the Fund to financial risk and potential loss;
- (e) Set a baseline for establishing a system of control activities that is proportionate to the level of risk required to safeguard the Fund’s assets, taking into account the Fund’s risk profile, including its risk appetite; and
- (f) Establish an organizational climate and enabling culture within the Fund that will enhance its mission based on ethical values and a well-defined code of conduct.

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### 1.2 Definition of internal control

2. Internal control is defined as a process designed to provide reasonable assurance regarding the achievement of objectives relating to operations, reporting and compliance.

3. Specifically, internal control:

- (a) Is a process, rather than a single event, that is part of each activity undertaken by the Fund and inherent in the manner in which management operates. Within each business process are policies and procedures which define the management's statement of requirements relating to the controls over the activity. Control processes will be integrated into the Fund's business processes and continuously reviewed and adapted so that they do not impede the efficiency of the business process;
- (b) Is designed and approved by the Board and management, and operationalized by staff. The effectiveness of internal control is reliant on the tone and organizational climate generated by the Board and management, and on staff in terms of applying the Fund's control policies and procedures;
- (c) Provides reasonable assurance, rather than absolute assurance, in terms of the achievement of the Fund's objectives. Reasonable assurance acknowledges that there are limitations inherent in all internal control systems such as human error, errors of judgment and economic uncertainties; and
- (d) Focuses on the achievement of objectives in the areas of operations, reporting and compliance. These three categories of objectives broadly define where internal controls will be expected to be applied, although controls are not limited to these areas.

### 1.3 Relevance of internal control

4. Internal controls are used to manage risks and as a result are fundamental to how the Fund operates. They are designed, implemented and continuously adapted to the Fund's systems and processes. In particular:

- (a) Internal controls are an inseparable part of the day-to-day activities of the Fund, from information technology and travel to hiring and processing transactions. Internal controls create an environment that helps management to efficiently manage resources and achieve operational goals and objectives;
- (b) Internal controls are designed to assist managers and Fund staff with the effective discharge of their responsibilities; and
- (c) Controls are embedded within the internal control processes, which consist of guidelines and procedures.

### 1.4 Nature of control

5. The purpose of establishing controls is to mitigate risks which could prevent the Fund from achieving its objectives. The implementation of controls will take into consideration the following:

- (a) Design of any controls or control processes will be adaptable to the structure of the Fund and the dynamic nature of the risk environment within which the Fund operates;
- (b) New measures or changes to controls will be reviewed as part of a process, taking into consideration any compensating controls to ensure there is an optimum balance between control and efficiency; and
- (c) Costs incurred for the implementation of a control will not ordinarily outweigh its benefits, although exceptions could occur where the cost of a key control is not a factor for consideration.

### 1.5 Roles and responsibilities

6. The Board, Executive Director, management and staff of the Fund have distinct roles and responsibilities under the framework. Clarity over roles will ensure accountability over assigned responsibilities for internal controls. These roles and responsibilities are as follows:

#### 1.5.1 The Board

7. As part of its governance, risk and compliance oversight responsibilities, the Board has a critical role in ensuring the effectiveness of internal controls by:

- (a) Setting the "tone at the top" and the organizational climate for the Fund;
- (b) Providing oversight for the system of internal control;
- (c) Overseeing the adequacy of the Fund's system of internal controls; and
- (d) Being informed of any significant control deficiencies or breakdowns in the Fund.

#### 1.5.2 The Executive Director

8. The Executive Director will have overall responsibility for the Fund's system of internal controls by:

- (a) Creating a sound control environment by ensuring internal control systems are effectively designed to mitigate risks;
- (b) Providing assurance to the Board on the overall effectiveness of controls in the Fund; and
- (c) Assigning authority and holding management accountable for internal controls.

### 1.5.3 The management

9. Delegated by the Executive Director, management will be responsible for:
- (a) Ensuring the effectiveness of internal controls by conducting ongoing reviews and assessments of control activities;
  - (b) Monitoring and following up on identified risks and control gaps within their business units;
  - (c) Ensuring Fund staff have the requisite knowledge and skills to perform their duties and understand their role;
  - (d) Promoting compliance with the Fund's control policies and procedures; and
  - (e) Providing direction and training to Fund staff on the internal controls through the issuance of procedures and instructions.

### 1.5.4 The staff

10. Fund staff are the first line of defence for ensuring the effectiveness of the Fund's system of internal controls by applying control policies, guidelines and procedures in the conduct of their day-to-day activities.
11. Staff responsibilities will include:
- (a) Being vigilant with regard to the changing risks associated with business processes and activities;
  - (b) Identifying and escalating to management any control-related issues such as deficiencies or control gaps in their work processes;
  - (c) Participating in the implementation of controls in their work units;
  - (d) Understanding workflow and applying control procedures in their assigned duties within their work units; and
  - (e) Maintaining current knowledge of internal control as it applies to their business processes.
12. The second line of defence in ensuring effective internal control is the Fund's Risk Management Framework. The initial Financial Risk Management Framework was approved by the Board in decision B.07/05.
13. The third line of defence in ensuring effective internal control are the External and Internal Audit functions, internal Monitoring & Evaluation (M&E), and the independent Evaluation Unit (EU). The role of the external audit is set out in decision B.08/18. The role of the internal audit function is set out in this document. The Fund's initial approach to M&E is set out in decision B.08/07. The EU functions have been defined in the EU's terms of reference adopted by the Board in decision B.06/09.

### 1.6 Type of controls

14. Controls can be grouped into entity-wide and process-level controls, preventative and detective controls and manual and automated controls, as follows:

#### 1.6.1 Entity-wide and process-level controls

- (a) Entity-wide controls are controls that are designed to operate and mitigate risks at organization-wide level. These controls have a pervasive effect on the Fund's overall system of internal control and affect the achievement of its objectives. Entity-wide controls include: controls related to the control environment such as "tone at the top" and organizational climate, delegation of authority and code of conduct; and
- (b) Process-level controls are control activities that are applied at transaction level in the Fund's business processes. These controls are applied on individual and groups of transactions where timeliness and accuracy of processing are important. Process-level controls include approval, verification, recalculation, confirmation, reconciliation and authorization of various types of transactions. Examples of types of transaction-level processes include accounts payable, bank reconciliations, travel authorizations, procurement and operational reporting.

#### 1.6.2 Preventative and detective controls

- (a) Preventative controls are controls designed to avoid errors and discrepancies or prevent them from occurring. The Fund's code of conduct is an example of a preventative control; and
- (b) Detective controls are controls designed to identify or uncover errors, discrepancies or unintended outcomes after processing has occurred but before completion of the objective. An example of a detective control would be the generation of a duplicate payments report.

### 1.6.3 Manual and automated controls

- (a) Manual controls are controls that are performed by staff at the time of processing a transaction. Examples include verification of approvals for consulting services prior to payment, and physical confirmation of goods received by procurement staff; and
- (b) Automated controls are performed using information technology systems. These controls are coded into the system software and workflow of the Fund's business systems. Automated controls can range from controls over authorizing user access to application-level controls over electronic banking transfers.

### 1.7 Implementing the COSO framework

15. The Committee of Sponsoring Organizations of the Treadway Commission (COSO) the objectives within the Fund's structure and hierarchy (entity, division, work unit, task team). These objectives and components are as follows:

16. **Objectives:** The Board formulates business strategies to achieve the Fund's mission and define its performance goals. The COSO framework focuses on three objectives; namely, operations, reporting and compliance. These three areas are directly linked to the achievement of the Fund's business strategies;

17. **Components of internal control:** The Fund's internal control framework will consist of five integrated components. The system of internal controls for the organization is considered to be effective once all of the following five components have been implemented and are functioning:

- (a) Control environment:
  - (i) The control environment is the overarching component on which all other components of internal control rest; it sets in place the Fund's organizational climate;
  - (ii) It will be based on the "tone at the top" that is established and promulgated by the Board, the Executive Director and the Secretariat's management team in the conduct of the Fund's business operations. It is directly related to their attitudes and behaviour towards the importance of internal controls, integrity, ethical values and expected conduct;
  - (iii) It defines the awareness level of internal controls by Fund staff as they perform their day-to-day activities;
  - (iv) It is affected by factors including Fund guidelines, policies and procedures, management operating style and staff development; and
  - (v) The control environment has a pervasive impact on the Fund's system of internal control and is thus considered an entity-wide control.
- (b) Risk assessment:
  - (i) Risk is the effect of uncertainty (positive, negative or a deviation from the expected). It may be operational, financial or both;
  - (ii) The prerequisite to risk assessment is the formulation of objectives associated with the various levels and functions of the Fund;
  - (iii) Risk assessment is the process of identifying and assessing risks that could affect the achievement of objectives and forms the basis for how the risks are to be managed;
  - (iv) The risk assessment will take into consideration the Fund's risk profile and risk management process, including its risk appetite and risk threshold; and
  - (v) The assessment of risk and controls will be overseen by the Fund's Risk Management Committee.
- (c) Control activities:
  - (i) Internal controls respond to the identification and assessment of risks to the Fund, which could affect its ability to achieve its business objectives;
  - (ii) Control activities will ensure that identified risks are mitigated and monitored;
  - (iii) Controls consist of approved policies, guidelines and procedures that ensure that management guidelines are implemented;
  - (iv) Control activities occur throughout the organization, across all levels and in all functions of the Fund; they cover the range of products and services provided by the Fund; and
  - (v) Controls can be manual or automated, preventative or detective, and include a range of activities such as approvals, authorizations, verifications, reconciliations and reviews of operating performance, including technology systems.
- (d) Information and communication:

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- (i) This component focuses on the nature and quality of information needed for effective internal control, the systems used to develop such information and the reports to communicate the information;
  - (ii) Information is necessary at every level of the Fund in order to effect internal controls over activities and processes;
  - (iii) Communication is the dissemination of information internally to ensure achievement of objectives and compliance with policies and procedures; and
  - (iv) Communications generally include reports and presentations to the Board, management, Fund staff and stakeholders on the functioning of the components of internal control.
- (e) Monitoring activities:
- (i) Regular assessments of the Fund's system of internal control will determine whether controls are adequately designed and effective;
  - (ii) This component will include the follow-up of remediation for control gaps or deficiencies identified in the control assessments; and
  - (iii) These activities will provide a basis for determining the reliability and quality of the Fund's internal control processes over time as part of regular management and oversight activities.

### 1.8 Assessing internal controls

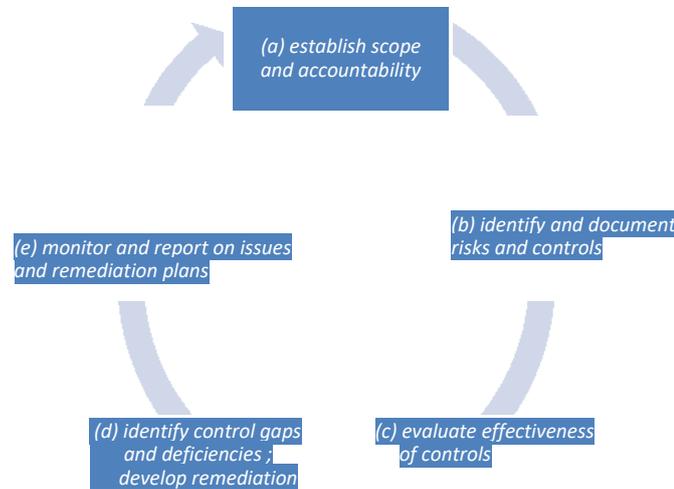
18. The criteria for determining the effectiveness of internal controls are based on the presence and complete integration of the five components of control indicated above to ensure that risk mitigation is sufficient to allow achievement of the objectives. In order to determine if the components in each category are jointly effective, each component must be individually assessed.

19. As shown in the figure below, there are five steps to assessing the effectiveness of internal controls based on the COSO framework. They are as follows:

- (a) Establish scope and accountability:
- (i) Gain an understanding of the key activities that support the objectives and deliverables of the entity or business unit;
  - (ii) Determine the relevant processes and systems linked to the key activities; and
  - (iii) Determine the business owner accountable for the activity and related internal controls.
- (b) Identify and document risks and controls:
- (i) Document the relevant business processes in flowcharts or narratives;
  - (ii) Identify the risks and controls in the business unit's processes and systems across various risk categories;
  - (iii) Map specific control activities to control objectives and risks; and
  - (iv) Classify controls as key controls, secondary controls or compensating controls.
- (c) Evaluate effectiveness of controls:
- (i) Rank and prioritize risks based on financial impact and likelihood of occurrence;
  - (ii) Evaluate the mitigating controls for effectiveness by reviewing the control's design and operating effectiveness; and
  - (iii) Rate controls as effective or ineffective based on their ability to mitigate the relevant risks.
- (d) Identify control gaps and deficiencies; develop remediation plan(s):
- (i) Review the ineffective controls to determine the nature of the control deficiencies (a deficiency is defined as a shortcoming in some aspect of the system of internal control that has the potential to adversely affect the ability of the entity to achieve its objectives);
  - (ii) Assess the impact and severity of the deficiency;
  - (iii) Evaluate the deficiency as to its materiality; and
  - (iv) Develop a remediation plan for the identified deficiencies.
- (e) Monitor and report on issues and report to management:
- (i) Monitor and track control issues and remediation plans;

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- (ii) Report to management highlighting the key risks faced by the unit, the status of remediation plans and the areas requiring management attention; and
- (iii) Ensure regular status reports to management until remediation is complete.



**Figure 1: Key steps in assessing internal controls**

### II. Internal audit standards

20. Internal auditing is conducted in diverse legal and cultural environments; within organizations that vary in purpose, size, complexity, and structure; and by persons within or outside the organization. While differences may affect the practice of internal auditing in each environment, compliance with the IIA's International Standards for the Professional Practice of Internal Auditing (Standards) is essential to meeting the responsibilities of internal auditors and the internal audit activity.
21. The purpose of the Standards is to:
- (a) Delineate the basic principles that represent the practice of internal auditing;
  - (b) Provide a framework for performing and promoting a broad range of value-added internal auditing processes;
  - (c) Establish the basis for the evaluation of internal audit performance; and
  - (d) Foster improved organizational processes and operations.
22. The IIA standards are principle-focused mandatory requirements consisting of:
- (a) Statements of basic requirements for the professional practice of internal audit and for evaluating the effectiveness of performance, which are internationally applicable, and
  - (b) Interpretations, which clarify terms or concepts within the Statements.
23. Internal auditing assists the Fund by providing the management with an objective assessment of the adequacy and effectiveness of the Fund's system of internal controls over its operations.
24. **Definition of internal auditing:** Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organization's operations. It helps an organization to accomplish its objectives by offering a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes (Institute of Internal Auditors, International Professional Practices Framework [2013]).
25. The objective of internal auditing is to determine whether the Fund's risk management, controls and governance processes provide reasonable assurance of the following:
- (a) Effective and economic use of resources;
  - (b) Accuracy and reliability of the Fund's financial and operational information;
  - (c) Safeguarding of Fund assets;
  - (d) Compliance with Fund decisions, policies and guidelines; and

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- (e) Achievement of the Fund's programmes, plans and business objectives.
26. Internal auditing is responsible for:
- (a) Developing an annual risk-based audit plan for approval by management. The audit plan will include both assurance and advisory engagements designed to assist management with their internal control responsibilities;
  - (b) Establishing an audit approach and methodology which will augment and improve the Fund's internal control activities, including audit procedures, programmes and guidelines;
  - (c) Reviewing and assessing the adequacy of management's internal controls over financial reporting and operations, including their design and operation;
  - (d) Coordinating audit efforts with the Fund's external auditors, Integrity Unit and Evaluation Unit to optimize audit coverage and use of audit resources; and
  - (e) Reporting to the Executive Director on significant deficiencies or issues identified during its audit mission and recommending improvements. The Internal Auditor's findings and recommendations for improvement would then be submitted to the Ethics & Audit Committee together with management's responses for discussion prior to submission to the Board.
27. **Authority:** For the purpose of performing its responsibilities, internal auditing will have complete and unrestricted access to Fund staff and all records and documents (i.e. physical and electronic), excluding documents of a confidential nature relating to private matters such as staff medical records.
28. **Independence:** To maintain the objectivity of internal auditing and ensure its independence, the internal auditor will report directly to the Executive Director and will advise the ED and the Board (including the Ethics & Audit Committee of the Board).

### EXECUTIVE DIRECTOR

#### **\*DECISION B.22/03: Appointment of the Executive Director of the GCF**

The Board, having considered the report of the ad hoc Executive Director Selection Committee as contained in GCF/B.22/Inf.11/Add.01, and after deliberations:

- (a) Takes note of decision B.21/06 on the selection process for the appointment of the Executive Director of the GCF Secretariat;
- (b) Decides to select Mr. Yannick Glemarec for the post of the Executive Director of the independent Secretariat of the GCF for a four-year term;
- (c) Requests the Co-Chairs, with support as needed from the executive search firm, to negotiate the terms of the contract, in accordance with the approved terms of reference for the position (annexed to decision B.21/06) and performance criteria and measurement procedures (annexed to decision B.17/12); and
- (d) Authorizes the Co-Chairs to sign, on behalf of the GCF, the contract between Mr. Yannick Glemarec and the GCF.

#### **DECISION B.BM-2019/01: Appointment of members to the Executive Director Selection Committee**

The Board, having considered document GCF/BM-2019/01 titled "Appointment of members to the Executive Director Selection Committee":

Appoints as members of the Executive Director Selection Committee:

- (i) Mr. Nagmeldin Goutbi Elhassan;
- (ii) Mr. Paul Oquist;
- (iii) Mr. Cyril Rousseau;
- (iv) Mr. Lars Roth;
- (v) Mr. Ayman Shasly;
- (vi) Mr. Jeremiah Garwo Sokan;

- (vii) Ms. Sue Szabo; and
- (viii) Mr. Josceline Wheatley

### **\*DECISION B.21/06: Selection of the Executive Director of the GCF Secretariat**

The Board, having considered the limited distribution document GCF/BM-2018/21 titled "Selection process for the appointment of the Executive Director of the Green Climate Fund Secretariat":

- (a) Adopts the terms of reference of the Executive Director of the Green Climate Fund Secretariat as set out in annex IV;
- (b) Also adopts the selection process for the Executive Director of the Green Climate Fund Secretariat as set out in annex V;
- (c) Takes note of the indicative timeline of the entire process for the appointment of the Executive Director of the Green Climate Fund Secretariat as set out in annex VI;
- (d) Establishes the Executive Director Selection Committee as an ad hoc committee of the Board in accordance with paragraphs 2(g) and 30 of the Rules of Procedure of the Board;
- (e) Adopts the terms of reference of the Executive Director Selection Committee as set out in annex VII;
- (f) Appoints as members of the Executive Director Selection Committee:
  - (i) Ayman Shasly;
  - (ii) Cyril Rousseau;
  - (iii) Josceline Wheatley;
  - (iv) Karma Tshering;
  - (v) Lennart Båge;
  - (vi) Omar El-Arini;
  - (vii) Paul Oquist; and
  - (viii) Sue Szabo;
- (g) Requests the Co-Chairs of the Board for 2019 to promptly, upon their election by the Board, and following consultations with their respective constituencies, propose a decision for approval between meetings for the appointment of members to the Executive Director Selection Committee following the commencement of the third term of Board membership;
- (h) Decides to engage the services of an independent executive search firm to support the Executive Director Selection Committee;
- (i) Authorizes the Secretariat, notwithstanding the administrative guidelines on procurement, to issue the request for proposal for the independent executive search firm in accordance with the deadlines set out in annex VI;
- (j) Endorses the terms of reference of the independent executive search firm as set out in annex VIII;
- (k) Approves a budget increment for 2018/2019 for the selection of the Executive Director of the Green Climate Fund Secretariat, including the costs of the independent executive search firm as set out in annex IX (limited distribution); and
- (l) Authorizes the Executive Director Selection Committee to engage the services of the independent executive search firm, with due observance of applicable procurement rules.

#### Annex IV: Terms of reference of the Executive Director of the Green Climate Fund Secretariat

##### **I. Job description**

1. The Executive Director will be appointed by, and be accountable to, the Board of the Green Climate Fund.

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2. The Executive Director, operating under the Board, will:
  - (a) Work to achieve the objective of the Fund, by establishing and maintaining effective relationships with the Fund's stakeholders in order to mobilize resources, including partner Governments, its contributors, recipients, and other components of the Fund, as well as the Trustee, the Conference of the Parties, relevant bodies under the United Nations Framework Convention on Climate Change (UNFCCC), observer organizations, multilateral, bilateral and development agencies and other stakeholders;
  - (b) Establish and maintain effective relationships with the Government of the Republic of Korea in maintaining the support provided to the offices in Songdo and ensuring that the officials of the Fund continue to enjoy the privileges and immunities associated with their official functions and status;
  - (c) Continue to recruit and retain a cadre of international and local professional staff for the Secretariat, ensuring that selection is open, transparent and based on merit, taking into account geographic and gender balance, in accordance with the organizational structure and administrative budget approved by the Board;
  - (d) Effectively manage and develop staff in order to maximise performance and promote an inclusive and healthy working environment;
  - (e) Provide regular and structured performance feedback to Secretariat staff, including direct reports;
  - (f) Lead the Secretariat's efforts in supporting the Board with the continued development and implementation of:
    - (i) The Fund's operational modalities, access modalities and funding structures;
    - (ii) Specific operational policies and guidelines, including for programming, project cycle, administration and financial management, as necessary;
    - (iii) Funding criteria, modalities, policies and programmes;
    - (iv) Environmental and social safeguards and fiduciary principles and standards that are internationally accepted as best practice;
    - (v) Portfolio management and oversight;
    - (vi) Criteria and application processes for the accreditation of implementing entities of the Fund;
    - (vii) The arrangements for replenishment processes; and
    - (viii) A framework for the monitoring and evaluation of performance and the financial accountability of activities supported by the Fund and any necessary external audits.
  - (g) Lead the Secretariat's team of professionals, responsible for the day-to-day operations of the Fund to:
  - (h) Organize and execute all administrative duties, including the preparation for meetings of the Board and its subsidiary bodies;
  - (i) Report information on the Fund's activities;
  - (j) Liaise with members, implementing entities, and cooperating bilateral and multilateral institutions and agencies;
  - (k) Prepare performance reports on the implementation of activities under the Fund;
  - (l) Develop the work programme and annual administrative budget of the Secretariat and Trustee for approval by the Board;
  - (m) Operationalize the project and programme cycle processes;
  - (n) Prepare financial agreements related to the specific financing instrument to be concluded with an implementing entity;
  - (o) Monitor the financial risks of the outstanding portfolio;
  - (p) Work with the Trustee to support the Board to enable it to carry out its responsibilities;
  - (q) Carry out monitoring and evaluation function, as may be required by the Board;
  - (r) Support the Board in arranging replenishment processes;
  - (s) Establish and run effective knowledge management practices; and
  - (t) Perform any other functions assigned by the Board.
3. The Executive Director will report to the Board at its regular meetings.
4. The Executive Director will be responsive to the Board, nurture and maintain open channels of communication, and build an effective relationship with the Board.

### II. Required experience and qualifications

5. The Executive Director will demonstrate:
- (a) Strong intellectual leadership, based on knowledge and experience of climate change, development, finance, and their interrelationships;
  - (b) Sound political judgment and excellent strategic and analytical skills which can be applied to complex problems;
  - (c) Enhanced communication and advocacy skills to enable successful interaction with decision-makers at the highest level;
  - (d) Leadership and management experience within a large organization in an international context;
  - (e) Strong values and ethics, with the ability to mobilize and engage people;
  - (f) A track record of robust and accountable management of financial resources at a senior level, preferably in a development finance context;
  - (g) Experience in working with a range of stakeholders in developing and developed countries; Sensitivity to political, gender, cultural, religious differences;
  - (h) An impeccable reputation for honesty, integrity and expertise;
  - (i) Sufficient knowledge of the UNFCCC and the Paris Agreement;
  - (j) Degree in a relevant field, advanced degree desirable;
  - (k) At least 15 years of relevant experience, including experience in, or working with, developing countries; and
  - (l) Fluency in English, knowledge of Arabic, Chinese, French, Russian or Spanish an advantage.

### III. Remuneration, contractual arrangements and term

6. Remuneration will be comparable to the level of a Vice President of the World Bank and an Assistant Secretary General in the United Nations common system.
7. The Board will appoint the Executive Director with a performance based contract.
8. The Executive Director's performance will be evaluated regularly in accordance with the performance criteria and measurement procedures approved by the Board in decision B.17/12, annex X.
9. The term of the position will be four years, with the possibility of reappointment once.

### Annex V: Selection process for the Executive Director of the Green Climate Fund Secretariat

1. The following steps are proposed for the selection of the Executive Director:
- (a) Approval by the Board of the selection process;
  - (b) Approval by the Board of the terms of reference for the independent executive search firm;
  - (c) Establishment by the Board of an ad hoc Executive Director Selection Committee consisting of eight Board members drawn equally from developing and developed countries that will oversee the selection process and make recommendations to the Board;
  - (d) Review of the applications by the Executive Director Selection Committee with the support of the independent executive search firm, including: creation of a long list of twelve candidates, a short list of six candidates, interviews with the six short listed candidates, creation of a final list of at least three candidates, and second-round interviews with the final list of candidates; the EDSC should strive to ensure a balance of candidates from developed and developing countries and gender balance in the long list, short list and final list of candidates;
  - (e) Recommendation by the EDSC of at least three final candidates to the Board by 15 February 2019, which may include a ranking by preference;
  - (f) Following presentation to the Board by at least three candidates, consideration by the Board of the Committee's recommendations, including Board agreement of one candidate from among the final three candidates; and
  - (g) The Board will make an offer to the selected candidate promptly following its agreement on the selected candidate.

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### Annex VI: Indicative timeline of the entire process for the appointment of the Executive Director of the Green Climate Fund

Date/deadline	Content	Action
B.21	Board decision containing the following: <ul style="list-style-type: none"> <li>• Adoption by the Board of the terms of reference for the Executive Director.</li> <li>• Approval by the Board on the ED selection process with indicative timeline.</li> <li>• Establishment by the Board of an Executive Director Selection Committee (EDSC) consisting of eight Board members drawn equally from developing and developed countries to oversee the selection process and make recommendations to the Board.</li> <li>• Budget allocation to support the costs of undertaking the search for the Executive Director.</li> <li>• Approval by the Board of the terms of reference and procurement of an independent executive search firm to assist EDSC in its work.</li> </ul>	Board decision
22 October 2018	Request for proposal for the executive search firm to be published online Terms of Reference for the Execution Director position to be published	Secretariat to publish online
5 November 2018	Receive bids from the executive search firm	Secretariat evaluation of the bids
9 November 2018	Secretariat to recommend the executive search firm to EDSC	Secretariat to recommend the executive search firm to EDSC
16 November 2018	Contract with executive search firm to be signed Launch the vacancy advertisement in appropriate media including social media	EDSC Co-Chairs to sign contract with executive search firm
12 December 2018	Deadline for applications	
Short list by 31 December 2018	Follow the “selection process” on shortlisting: <ul style="list-style-type: none"> <li>• First cut list of 20 to 25 candidates;</li> <li>• Long list of 12 candidates;</li> <li>• Short list of 6 candidates</li> </ul>	EDSC in-person or virtual meeting(s), location TBD
Mid-January 2019	In person interviews of short listed candidates (6 candidates).	EDSC in-person or virtual meetings, location TBC
End of January 2019	Final list of at least 3 candidates	EDSC virtual meeting
Early February 2018	In-person interviews of final list of at least 3 candidates	EDSC in person meeting, location TBD
By 15 February 2019	Recommendation by the EDSC of at least three final candidates to the Board, which may include ranking by preference.	EDSC Recommendation
B.22	Consideration by the Board of the EDSC’s recommendations, including Board agreement of one candidate from among the final three candidates.	Board decision

### Annex VII: Terms of reference of the Executive Director Selection Committee

#### **I. Role and functions**

1. The role of the Executive Director Selection Committee (EDSC) is to oversee the selection process of the Executive Director in accordance with these terms of reference; and recommend at least three final candidates to the Board at its twenty first meeting.

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2. In particular, and without limitation, the EDSC shall:
  - (a) With the support of the Secretariat, select and engage the executive search firm;
  - (b) Provide guidance and approve the vacancy advertisement to be published by the executive search firm;
  - (c) With the support of the executive search firm:
    - (i) Establish a long list of twelve candidates;
    - (ii) Establish a short list of six candidates;
    - (iii) Interview the short list of candidates;
    - (iv) Establish a final list of at least three candidates;
    - (v) Interview the final list of candidates;
    - (vi) Prepare a detailed final report to be presented to the Board for decision, which may include a recommendation with a ranking by preference; and
    - (vii) Strive to ensure a balance of candidates from developed and developing countries and gender balance on the long list, short list and final list of candidates.

### II. Membership

3. The ad hoc committee will comprise:
  - (a) Four developing country Board members; and
  - (b) Four developed country Board members.
4. In accordance with the Board Guidelines on the Participation of Advisers, one advisor may support each Committee member.
5. Members of the EDSC will serve for its duration as per paragraph 5.
6. The members of the EDSC shall elect two co-chairs, one from developed countries and one from developing countries.

### III. Duration

7. The EDSC will be an ad hoc committee of the Board and shall function until the earlier of:
  - (a) The conclusion of the selection process of the Executive Director; and
  - (b) The Board having decided to terminate the Committee.

## Annex VIII: Terms of reference of the independent executive search firm

### I. Introduction

1. The Executive Director Selection Committee (EDSC) established by the Board will oversee the recruitment process for the Executive Director.
2. It will engage a recruitment firm with demonstrated experience within the international system to provide advisory and administrative support. It is expected that the recruitment process will be completed by the twenty first meeting of the Board.
3. The Secretariat will provide the EDSC with logistical and administrative support.
4. This request for proposal (RFP) seeks to identify a recruitment firm that will assist the recruitment process by undertaking the tasks described in this RFP. The authority to decide on the selection of a recruitment firm rests with the EDSC.

### II. Objective of the assignment

5. The objective of the assignment is to ensure an open and transparent recruitment process of the Executive Director, by providing long lists, short lists and a final list of at least three qualified applicants.

### III. Scope and focus of the assignment

6. The successful recruitment firm will be responsible for the screening process (long listing, short listing and final listing). The Fund will maintain oversight over the outsourced recruitment services in order to ensure compliance with the Fund's recruitment policies and procedures.
7. Job categories to be covered: Executive Director

### **IV. Activities to be undertaken by the firm under the direction of the EDSC**

#### 4.1 Phase I: Attracting and communicating with candidates

- (a) Review the job description of the position and ensure that the selection criteria are properly formulated;
- (b) Develop a role specification for the position based on the job description of the Executive Director with guidance from the EDSC;
- (c) Develop and launch the vacancy advertisement in appropriate media including social media;
- (d) Receive and keep record of all applications;
- (e) Act as the contact point for those seeking information and/or proposing candidates;
- (f) Communicate, where appropriate, with the applicants; and
- (g) Conduct an executive search for candidates, using networks, rosters, referrals and other appropriate means, striving for a balance between developed and developing country candidates and gender balance at all stages of the selection process.

#### 4.2 Phase II: Supporting the work of the EDSC

##### **4.2.1 Establishment of the first cut list of candidates (twenty to twenty-five) for the position**

- (a) Review all applications received;
- (b) Screen all applications against the requirements of the post, by CV review and any other information that can be gathered without contacting the candidates; and
- (c) Present to the EDSC for its approval the first cut list of 20-25 candidates as well as appropriate background information.

##### **4.2.2 Establishment of the long list of candidates (approximately twelve)**

- (a) Assess all individuals on the first cut list of 20-25 candidates, by all reasonable means, for example CV and application review, discussion with candidates, informal references and interviews. Present the EDSC with the first cut list of 20-25 candidates with verbal and written comments; and
- (b) Assist the EDSC in establishing a long list of candidates (approximately 12 candidates) that will be further evaluated.

##### **4.2.3 Establishment of the short list of candidates (approximately six)**

- (a) Conduct appropriate reference checks and further screening on all the long list of candidates (approximately 12), and present the EDSC with a detailed report, including all available background information, detailed curricula vitae and references;
- (b) Assist the EDSC in establishing a short list of candidates (approximately six) that will be further evaluated;
- (c) Assist the EDSC's interviews with the short list candidates, including drafting suitable and effective interview questions;
- (d) Attend the interviews and prepare a report with the minutes of the interviews conducted, for consideration by the EDSC.

##### **4.2.4 Establishment of the final list of candidates (at least three)**

- (a) Assist the EDSC in establishing the final list of three candidates which may include ranking by preference, to be presented to the Board for final approval;
- (b) Assist the EDSC to interview the final list of at least three candidates, including drafting probing interview questions and preparing a scoring sheet for the EDSC and preparing a short report;
- (c) Assist the EDSC in preparing a detailed final report to be presented to the Board for decision;
- (d) Keep close communication with all the candidates, present the Green Climate Fund in the best possible light as an attractive employer; and
- (e) Respond to all questions and concerns in a timely way, and keep all candidates informed about the progress of their candidacy.

### **V. Outputs**

#### 8. To provide, as a result of the above:

- (a) A first cut list of 20-25 candidates;

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- (b) Assist the EDSC to select a long list of 12 candidates;
- (c) Assist the EDSC to select a short list of 6 candidates;
- (d) Assist the EDSC to select final list of candidates;
- (e) Complete data and brief comments on the first cut list of 20-25 candidates;
- (f) A report on the process to establish the long list of candidates;
- (g) A report on the interviews conducted for establishing the short list of candidates;
- (h) Draft interview questions and a scoring grid for the EDSC and prepare a report on the interviews of the final list of candidates; and
- (i) Prepare a detailed final report, in collaboration with the EDSC, on the final list of candidates and the recruitment process.

### VI. Monitoring and progress controls, including reporting requirements

9. The recruitment firm shall work closely with the EDSC. It will only have contact with the Fund's Secretariat for purely administrative purposes.

### VII. Confidentiality

10. All details of this assignment, candidates, selection processes, discussions, interviews etc. must be kept entirely confidential. The consultants are expected to understand the sensitive nature of this assignment and act accordingly.

### VIII. Duration of the consultancy

11. This consultancy is expected to take up to a maximum of four months starting from the date of signature of the contract by both parties, subject to adjustments as required.

12. The contract ends at the point of signature of the contract by selected candidate. If the candidate resigns or is let go within one year of taking up his or her role, the recruitment firm is obliged to find a replacement without charging a fee.

### **\*DECISION B.21/05: Appointment of the Executive Director ad interim of the GCF Secretariat**

The Board, having considered the limited distribution document GCF/BM-2018/18 titled "Appointment of the Executive Director ad interim":

- (a) Appoints Javier Manzanares to act as Executive Director ad interim of the Secretariat effective immediately and until such time as the new Executive Director appointed by the Board has taken office;
- (b) Authorizes the Co-Chairs to agree, on behalf of the Board, on arrangements, as appropriate, with the Executive Director ad interim, including:
  - (i) A performance agreement that will specify the outcome and behaviours expected for the duration of the role;
- (c) Decides that the Executive Director ad interim shall assume the functions and have the mandate of the Executive Director as provided for in the Governing Instrument for the Green Climate Fund and Board decisions; and
- (d) Further decides the Executive Director ad interim will not be precluded from applying for the Executive Director position.

### **DECISION B.17/12: Adopted Performance criteria and measurement procedures for the Executive Director**

The Board:

- (a) Decides to adopt the Performance criteria and measurement procedures for the Executive Director as presented in annex X; and

- (b) Agrees to use the table as presented in annex X as a template for all Board-appointed officials for their performance framework.

Annex X: Performance criteria and measurement procedures of the Executive Director of the Green Climate Fund Secretariat

**I. Guiding principles**

1. The Executive Director's performance criteria and measurement procedures (Performance Framework) is based on, but not limited to, the following principles:

- the accountability of the Executive Director to the Board of the Green Climate Fund;
- the compliance with Board decisions and the guidance provided by the Co-Chairs of the Board.
- the application of the Policy on Ethics and Conflicts of Interest for the Executive Director of the Green Climate Fund Secretariat pursuant to decision B.10/13;
- the functions of the Secretariat as provided in the Governing Instrument, and the Executive Director's primary roles and responsibilities, as provided in decision B.12/22; and
- work accomplishments, competencies and behavioural standards against the roles and responsibilities outlined below and in the relevant articles of his/her contract with the GCF.

2. The Performance Framework should be consistent with the Work Programme of the Secretariat.

**II. Roles and responsibilities of the Executive Director<sup>1</sup>**

**1. Strategic leadership and delivery**

3. The Executive Director will lead the Secretariat's team of professionals, responsible to execute the day-to-day operations of the Fund to, inter alia:

- Develop a Secretariat that will service and be accountable to the Board
- Cultivate a work programme and annual administrative budget of the Secretariat and Trustee for approval by the Board;
- Operationalize the project and programme cycle processes;
- Prepare performance reports on the implementation of activities under the Fund;
- Implement the Strategic Plan of the GCF;
- Establish and run effective knowledge management and learning practices; and
- Build productive relationships with members, accredited entities, and cooperating bilateral and multilateral institutions and agencies.

**2. Building organizational capacity and capability**

4. The Executive Director, being accountable to the Board, will inter alia:

- Clearly articulate to the Board the Secretariat's needs and challenges in terms of staffing numbers, skills and capability;
- Maintain the recruitment and retention of a cadre of international and local professional staff for the Secretariat, ensuring that selection is open, transparent and based on merit, taking into account geographic and gender balance, in accordance with the organizational structure and administrative budget approved by the Board;
- Effectively manage staff, and develop staff's capabilities, in order to maximize their performance and promote an inclusive and healthy working environment;
- Provide regular and structured performance feedback to Secretariat staff, including direct reports; and
- Ensure opportunities for personal learning and development for all Secretariat staff are a priority.

**3. Managing GCF finance and systems**

Operational management

5. The Executive Director will lead the Secretariat's efforts in supporting the Board with the continued development and implementation of:

- The Fund's operational modalities, access modalities and funding structures;
- Specific operational policies and guidelines, including for programming, project cycle, administration and financial management, as necessary;
- Funding criteria, modalities, policies and programmes;

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<sup>1</sup> Decision B.12/22

## Chapter VII: The Secretariat

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- Environmental and social safeguards and fiduciary principles and standards that are internationally accepted as best practice;
- Monitoring and evaluation functions;
- The Fund's Information Disclosure policy to maximize transparency, awareness of the GCF and learning;
- Portfolio management and oversight including the timely conclusion of administrative arrangements necessary to facilitate disbursements; and
- Criteria and application processes for the accreditation of implementing entities of the Fund.

### Financial management

6. The Executive Director will lead the Secretariat's efforts in supporting the Board with the continued development and implementation of:

- A framework for the monitoring and evaluation of performance and the financial accountability of activities supported by the Fund and any necessary external audits;
- Support the Board in arranging and concluding successful replenishment processes;
- Prepare financial agreements related to the specific financing instrument to be concluded with an implementing entity;
- Monitor financial risks of the portfolio; and
- Manage the relationship with the interim Trustee including to conclude all contribution agreements.

### **4. Provide effective and timely support to the Board**

7. The Executive Director will lead the Secretariat's team of professionals in, inter alia:

- Organizing and executing all administrative duties, including the preparation for meetings of the Board and its subsidiary bodies;
- Reporting information on the Fund's activities and implement the Fund's communication strategy; and
- Implementing Board decisions and guidance.

### **5. Establish and nurture effective relationships**

8. The Executive Director will:

- Work to achieve the objective of the Fund, by establishing and maintaining effective relationships with the Fund's stakeholders, including partner Governments, the Board and its Members, and other components of the Fund including the Independent Accountability Units, as well as the Trustee, the Conference of the Parties (COP), relevant bodies under the United Nations Framework Convention on Climate Change, GCF Accredited Entities, observer organizations, multilateral, bilateral and development agencies and other stakeholders; and
- Establish and maintain effective relationships with the Government of the Republic of Korea pursuant to the Host Country Agreement; in maintaining the support provided to the offices in Songdo and ensuring that the officials of the Fund continue to enjoy the privileges and immunities associated with their official functions and status in the Republic of Korea and that Members, alternate Members, advisors and other participants of GCF Board meetings and activities are provided the essential facilities to participate in official GCF Board meetings and other events.

## Chapter VII: The Secretariat

	Competency area	Objective/criterion	Expected output
1	<b>Strategic leadership and delivery</b>	To execute effective and efficient programming of resources	Expeditious disbursement of resources, as directed by Board approvals and decisions
		To help develop a strong network of accredited entities	A balance of accredited entities' applications presented for Board's consideration
		To implement the Initial Strategic plan	Successful and timely implementation of the Initial Strategic plan and the work programme of the Secretariat  Structured dialogues organized in all regions  Expeditious rate of readiness and project preparation support approved
		To implement the operations and the proposal approval processes effectively and efficiently	Programme and project cycles implemented expeditiously, including improved, streamlined and simplified operations, , in line with Board guidance
		To expedite the delivery of the GCF's resources	Disbursements for approved projects have started and the rate is steadily increased
2	<b>Organizational capacity</b>	To continue to develop the workforce according to need, and recruit qualified and motivated professional staff, enabling gender and geographical balance	The workforce grows in line with Board decisions and represents balance in terms of gender and geography  <i>Staff satisfaction surveys are carried out and, where necessary, responsive actions are identified and implemented</i>
		To ensure effective and efficient Secretariat structure	The structure is reviewed so that it responds directly, efficiently and effectively, to the needs the Fund
3	<b>Administrative matters</b>	To ensure a well-functioning financial management system	Established internal processes and procedures ensure high quality management of financial resources  Effective and efficient application of risk register and risk and investment policies
		To prepare and present policy and procedural options for Board's consideration, as appropriate	Quality documents are drafted in a timely manner for the Board's consideration and implemented when agreed by the Board, with further guidance provided by Co-Chairs, when requested

## Chapter VII: The Secretariat

	Competency area	Objective/criterion	Expected output
		To execute contribution agreements and arrangements	All signed contribution agreements and arrangements are executed in a timely and efficient way
		To ensure the start and completion of the replenishment process	Replenishment procedures agreed by the Board are executed in a timely and efficient manner
4	<b>Support to the Board</b>	To present quality documents for Board's consideration	Timely submission of quality draft documents Board proceedings recorded (through live streaming, accurate decisions and reports of the meetings)
		To strive for open and regular communication with the Board and the Co-Chairs	Regular calls on issues pertinent to the operations, priorities and reputation of the GCF ensuring that the Co-Chairs are notified in a timely manner
		Take appropriate actions necessary to respond to COP guidance	Report to the COP submitted with actions and measures taken to address COP guidance
5	<b>Relationships with stakeholders</b>	Targeted communications and outreach	Factual, timely and constructive information on the GCF operations Targeted annual communication and outreach events
		To strengthen relationship with National Designated Authorities (NDAs), accredited entities and observer organizations	Targeted outreach activities and active participation in events with the NDAs, accredited entities and observer organizations
		To continue to ensure a positive relationship with Host country	Regular communication with the Host country through progress in handling of GCF related matters as per the Headquarters Agreement
		To facilitate a wide coverage of privileges and immunities for the GCF	Increased number of Agreements on Privileges and Immunities signed with countries
		To engage in relevant global fora and international events	Attendance at relevant UNFCCC events Participation in other climate related events targeting GCF stakeholders

### Methodology

9. The Executive Director's performance review should consider qualitative and quantitative feedback, using multiple methods, which may include self-assessment, yearly 360-degree feedback, mid-year and end of year performance discussions with the Co-Chairs of the Board of the Green Climate Fund, as well as an overall performance evaluation as may be decided by the Board in accordance with the Guidelines Principles and the Roles and Responsibilities detailed above.
  - (a) At the end of year performance discussion, the Co-Chairs, in consultation with the Board, will recommend one of the four performance ratings, pursuant to the Performance Management and Development System (Superior, Fully Competent, Competent and Unsatisfactory) for Board approval.
10. Annual performance reviews will be shared with the Board on a confidential basis.
11. The means of verification of the performance results shall be presented to the Board through multiple reports submitted for Board's consideration, including the Work Programme of the Secretariat, report on the status of Fund's pipeline, report on the activities of the Secretariat, report of the Readiness and Preparatory Support Programme, status of the Staffing of the Secretariat and other relevant updates.
12. The Executive Director is also instructed to develop an annual personal work plan, based on this Performance Framework and the Work Programme of the Secretariat, which will be agreed with the Co-Chairs.
13. The personal work plan should outline individual-level core and general objectives, including metrics and weightings, which will assist the Co-Chairs in rating the performance of the Executive Director.
14. The personal work plan could also include developmental goals and opportunities and will form the basis of the annual performance assessment of the Executive Director, in addition to other sources mentioned in paragraph 11 above.
15. The Performance Framework will stand as policy document for all Executive Directors of the Secretariat and shall be updated periodically.
16. The Performance Framework will also serve as an input for an independent evaluation of the performance of the Executive Director, which could commence one year before the conclusion of the term of the Executive Director.

### **DECISION B.14/05: Executive Director – performance criteria and measurement procedures**

The Board,

Requests the Executive Director Selection Committee to develop performance criteria and measurement procedures for the approval of the Board as a decision taken between meetings. -

### **DECISION B.14/04: Appointment of the Executive Director**

The Board,

- (a) Decides by consensus to select Mr. Howard Bamsey for the post of the Executive Director of the Secretariat of the Green Climate Fund for a four-year term;
- (b) Requests the Co-Chairs to negotiate the terms of the contract that will be in accordance with the approved terms of reference (annex III to decision B.12/22) and the agreed performance management framework. The remuneration package will be negotiated by the Co-Chairs, approved by the Board and publicly disclosed in line with the GCF Information disclosure policy;
- (c) Authorizes the Co-Chairs to sign, on behalf of the GCF, the employment contract between Mr. Bamsey and the GCF; and
- (d) Confirms that Mr. Javier Manzanares will continue as the Executive Director ad interim until Mr. Bamsey takes office.

### **DECISION B.13/15: Search process for the appointment of the Executive Director**

[Limited distribution]

**DECISION B.13/14: Appointment of the interim Executive Director**

[Limited distribution]

**DECISION B.13/13: Appointment of the interim Executive Director**

[Limited distribution]

**\*DECISION B.12/22: Process for the appointment of the Executive Director**

The Board, having reviewed the proposition of the Executive Director Selection Committee,

- (a) Notes the decision of the Executive Director to complete her current term in office, and not to seek an appointment for the second term at the end of the three-year term;
- (b) Acknowledges with appreciation the contributions of the Executive Director to the establishment of the Fund's Secretariat at its headquarters in Songdo, Republic of Korea, and the operationalization of the Fund, including the significant role of the Executive Director in the Initial Resource Mobilization process; and looks forward to working with the Executive Director until the completion of her term;
- (c) Requests the Co-Chairs to agree a set of objectives with the Executive Director to cover the remainder of the term, and to share them with the Board;
- (d) Establishes the ad hoc Executive Director Selection Committee as an ad hoc committee of the Board in accordance with paragraphs 2(g) and 30 of the Rules of Procedure of the Board;
- (e) Adopts the terms of reference of the Executive Director Selection Committee as set out in annex III;
- (f) Requests the Executive Director Selection Committee to develop a performance framework for the Executive Director;
- (g) Appoints as members of the Executive Director Selection Committee:
  - (i) Mr. Omar El-Arini;
  - (ii) Mr. Anton Hilber;
  - (iii) Ms. Caroline Leclerc;
  - (iv) Mr. Leonardo Martinez-Diaz;
  - (v) Mr. Jorge Ferrer Rodriguez; and
  - (vi) Mr. Ayman Shasly;
- (h) Adopts the updated terms of reference of the Executive Director as set out in annex IV;
- (i) Adopts the selection process for the Executive Director as set out in annex V;
- (j) Takes note of the indicative timeline of the entire process for the appointment of the Executive Director as set out in annex VI;
- (k) Decides to engage the services of an independent executive search firm to support the Executive Director Selection Committee;
- (l) Endorses the terms of reference of the independent executive search firm as set out in annex VII; and
- (m) Approves a budget increment for 2016 for the selection of the Executive Director, including the costs of the independent executive search firm as set out in an annex, which has been shared as limited distribution.

### Annex III: Terms of reference of the Executive Director Selection Committee

#### **I. Role and functions**

1. The role of the Executive Director Selection Committee (ED Selection Committee) is to oversee the selection process of the Executive Director in accordance with these terms of reference; develop performance criteria and measurement procedures for the Executive Director for consideration by the Board; and recommend at least three final candidates to the Board at its thirteenth meeting, or the next meeting.

#### **II. Membership**

2. The ad hoc committee will comprise:

- (a) Three developing country Board member and/or alternate member; and
- (b) Three developed country Board member and/or alternate member.

3. Members of the ED Selection Committee will serve for its duration as per paragraph 4.

#### **III. Duration**

4. The ED Selection Committee will be an ad hoc committee of the Board and shall function until the earlier of:

- (a) The conclusion of the selection process of the Executive Director; and
- (b) The Board having decided to terminate the Committee.

### Annex IV: Updated terms of reference of the Executive Director of the Green Climate Fund Secretariat

#### **I. Job description**

1. The Executive Director will be appointed by, and accountable to, the Board of the Green Climate Fund.

2. The Executive Director, operating under the Board, will:

- (a) Work to achieve the objective of the Fund, by establishing and maintaining effective relationships with the Fund's stakeholders in order to mobilize resources, including partner Governments, its contributors, recipients, and other components of the Fund, as well as the Trustee, the Conference of the Parties, relevant bodies under the United Nations Framework Convention on Climate Change, observer organizations, multilateral, bilateral and development agencies and other stakeholders;
- (b) Establish and maintain effective relationships with the Government of the Republic of Korea; in maintaining the support provided to the offices in Songdo and ensuring that the officials of the Fund continue to enjoy the privileges and immunities associated with their official functions and status;
- (c) Continue to recruit and retain a cadre of international and local professional staff for the Secretariat, ensuring that selection is open, transparent and based on merit, taking into account geographic and gender balance, in accordance with the organizational structure and administrative budget approved by the Board;
- (d) Effectively manage and develop staff in order to maximise performance and promote an inclusive and healthy working environment;
- (e) Provide regular and structured performance feedback to Secretariat staff, including direct reports;
- (f) Lead the Secretariat's efforts in supporting the Board with the continued development and implementation of:
  - (i) The Fund's operational modalities, access modalities and funding structures;
  - (ii) Specific operational policies and guidelines, including for programming, project cycle, administration and financial management, as necessary;
  - (iii) Funding criteria, modalities, policies and programmes;
  - (iv) Environmental and social safeguards and fiduciary principles and standards that are internationally accepted as best practice;
  - (v) Portfolio management and oversight;
  - (vi) Criteria and application processes for the accreditation of implementing entities of the Fund;
  - (vii) The arrangements for replenishment processes; and
  - (viii) A framework for the monitoring and evaluation of performance and the financial accountability of activities supported by the Fund and any necessary external audits.
- (g) Lead the Secretariat's team of professionals, responsible for the day-to-day operations of the Fund to:

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- (i) Organize and execute all administrative duties, including the preparation for meetings of the Board and its subsidiary bodies;
- (ii) Report information on the Fund's activities;
- (iii) Liaise with members, implementing entities, and cooperating bilateral and multilateral institutions and agencies;
- (iv) Prepare performance reports on the implementation of activities under the Fund;
- (v) Develop the work programme and annual administrative budget of the Secretariat and Trustee for approval by the Board;
- (vi) Operationalize the project and programme cycle processes;
- (vii) Prepare financial agreements related to the specific financing instrument to be concluded with an implementing entity;
- (viii) Monitor the financial risks of the outstanding portfolio;
- (ix) Work with the Trustee to support the Board to enable it to carry out its responsibilities;
- (x) Carry out monitoring and evaluation function, as may be required by the Board;
- (xi) Support the Board in arranging replenishment processes;
- (xii) Establish and run effective knowledge management practices; and
- (xiii) Perform any other functions assigned by the Board.

3. The Executive Director will report to the Board at its regular meetings.

4. The Executive Director will be responsive to the Board, nurture and maintain open channels of communication, and build an effective relationship with the Board.

### **II. Required experience and qualifications**

5. The Executive Director will demonstrate:

- (a) Strong intellectual leadership, based on knowledge and experience of climate change, development, finance, and their interrelationships;
- (b) sound political judgment and excellent strategic and analytical skills which can be applied to complex problems;
- (c) Enhanced communication and advocacy skills to enable successful interaction with decision-makers at the highest level;
- (d) Leadership and management experience within a large organization in an international context;
- (e) Strong values and ethics, with the ability to mobilize and engage people;
- (f) A track record of robust and accountable management of financial resources at a senior level, preferably in a development finance context;
- (g) Experience in working with a range of stakeholders in developing and developed countries; Sensitivity to political, gender, cultural, religious differences;
- (h) An impeccable reputation for honesty, integrity and expertise;
- (i) Sufficient knowledge of the UNFCCC and the Paris Agreement;
- (j) Degree in a relevant field, advanced degree desirable;
- (k) At least 15 years of relevant experience, including experience in, or working with, developing countries; and
- (l) Fluency in English, knowledge of Arabic, Chinese, French, Russian or Spanish an advantage.

### **III. Remuneration, contractual arrangements and term**

6. Remuneration will be comparable to the level of a Vice President of the World Bank and an Assistant Secretary General in the United Nations common system.

7. The Board will appoint the Executive Director with a performance based contract.

8. The Executive Director's performance will be evaluated regularly with a performance framework to be approved by the Board.

9. The term of the position will be four years, with the possibility of reappointment once.

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### Annex V: Selection process for the Executive Director of the Green Climate Fund Secretariat

1. The following steps are proposed for the selection of the Executive Director:
  - (a) Approval by the Board of the selection process;
  - (b) Approval by the Board of the terms of reference for the Executive Director as set out in Annex IV;
  - (c) Approval by the Board of the terms of reference for the independent executive search firm as set out in Annex VII;
  - (d) Establishment by the Board of an Executive Director Selection Committee consisting of six Board members drawn equally from developing and developed countries that will oversee the selection process and make recommendations to the Board;
  - (e) Engagement by the Secretariat (upon approval by the Executive Director Selection Committee) of an independent executive search firm to assist the Committee in its work;
  - (f) Issuance of an advertisement for the Executive Director position as soon as possible after the twelfth meeting of the Board, which will be circulated as widely as possible, including through a notification to all NDAs, accredited entities, Governments, UNFCCC national focal points, accredited observers, civil society and in leading international journals, with an application deadline of four weeks from the date of issuance of the advertisement;
  - (g) Review of the applications by the Executive Director Selection Committee, with the support of the independent executive search firm, including: creation of a short list of six to eight candidates, interviews with the six to eight short list candidates, creation of a final list of at least three candidates, and second-round interviews with the final list candidates;
  - (h) Recommendation by the Executive Director Selection Committee of at least three final candidates to the Board at its thirteenth meeting of the Board, or a subsequent meeting, which may include a ranking by preference;
  - (i) Following presentation to the Board by all three candidates, consideration by the Board of the Committee's recommendations, including Board agreement of one candidate from among the final three candidates; and
  - (j) The Board will make an offer to the selected candidate at the thirteenth meeting of the Board, or a subsequent meeting.

### Annex VI: Indicative timeline of the entire process for the appointment of the Executive Director

Date/deadline	Content	Action
B.12	Establishment by the Board of an Executive Director Selection Committee (EDSC) consisting of six Board members drawn equally from developing and developed countries to oversee the selection process and make recommendations to the Board. Approval by the Board of the terms of reference for the Executive Director Approval by the Board of the ED selection process Budget allocation to support the costs of undertaking the search for the Executive Director Terms of Reference and Procurement of an independent executive search firm to assist the Committee in its work	Board decision
15 March 2016 cob (KST)	Request for proposal for the recruitment firm to be published online	
29 March 2016 cob (KST)	Receive bids from the recruitment firm	Secretariat evaluation of the bids / Approval by EDSC.
12 April 2016 cob (KST)	Contract with recruitment firm to be signed	
18 April 2016	Advert published	
16 May 2016	Deadline for applications	
23 May 2016 6 June 2016 13 June 2016 21 June 2016	Follow the "selection process" on shortlisting: <ul style="list-style-type: none"> <li>• First cut list of 20-25;</li> <li>• Long list of 10-12 candidates;</li> <li>• Short list of 5 or 6 candidates;</li> <li>• In person interviews of short listed candidates</li> </ul>	1) EDSC virtual meeting 2) EDSC virtual meeting 3) EDSC virtual meeting 4) EDSC in-person meeting, location TBC
Pre B.13 (24 June 2016)	Recommendation by the EDSC of at least three final candidates to the Board, which may include ranking by preference.	EDSC Recommendation

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Date/deadline	Content	Action
B.13 (28-30 June 2016)	Consideration by the Board of the EDSC's recommendations, including Board agreement of one candidate from among the final three candidates.	Board decision
B.13	Recommendation by the EDSC on performance criteria and measurement procedures for the Executive Director	EDSC Recommendation
B.13	Approval of the performance criteria and measurement procedures for the Executive Director	Board decision

### Annex VII: Terms of reference of the independent executive search firm

#### **I. Introduction**

1. The ED Selection Committee established by the Board will oversee the recruitment process for the Executive Director.
2. It will engage a recruitment firm with demonstrated experience within the international system to provide advisory and administrative support. It is expected that the recruitment process will be completed by the thirteenth meeting, or subsequent meeting of the Board.
3. The Secretariat will provide the ED Selection Committee with logistical and administrative support.
4. This request for proposal (RFP) seeks to identify a recruitment firm that will assist the recruitment process by undertaking the tasks described in this RFP. The authority to decide on the selection of a recruitment firm rests with the ED Selection Committee.

#### **II. Objective of the assignment**

5. The objective of the assignment is to ensure an open and transparent recruitment process of the Executive Director, by providing long lists, short lists and a final list of at least three qualified applicants.

#### **III. Scope and focus of the assignment**

6. The successful recruitment firm will be responsible for the screening process (long listing, short listing and final listing). The Fund will maintain oversight over the outsourced recruitment services in order to ensure compliance with the Fund's recruitment policies and procedures.
7. Job categories to be covered: Executive Director

#### **IV. Activities to be undertaken by the firm under the direction of the ED Selection Committee**

##### **4.1 Phase I: Attracting and communicating with candidates**

- (a) Review the job description of the position and ensure that the selection criteria is properly formulated;
- (b) Develop a role specification for the position based on the job description of the Executive Director with guidance from the ED Selection Committee;
- (c) Develop and launch the vacancy advertisement in appropriate media including social media;
- (d) Receive and keep record of all applications;
- (e) Act as the contact point for those seeking information and/or proposing candidates;
- (f) Communicate, where appropriate, with the applicants; and
- (g) Conduct an executive search for candidates, using networks, rosters, referrals and other appropriate means.

##### **4.2 Phase II: Supporting the work of the ED Selection Committee**

##### **4.2.1 Establishment of the first cut list of candidates (20-25) for the position**

- (a) Review all applications received;
- (b) Screen all applications against the requirements of the post, by CV review and any other information that can be gathered without contacting the candidates; and
- (c) Present to the ED Selection Committee for its approval the first cut list of 20-25 candidates as well as appropriate background information.

##### **4.2.2 Establishment of the long list of candidates (approximately ten to twelve)**

- (a) Assess all individuals on the first cut list of 20-25 candidates, by all reasonable means, for example CV and application review, discussion with candidates, informal references and interviews. Present the ED Selection Committee with the first cut list of 20-25 candidates with verbal and written comments; and

- (b) Assist the ED Selection Committee in establishing a long list of candidates (approximately 10-12) that will be further evaluated.

### **4.2.3 Establishment of the short list of candidates (approximately five or six)**

- (a) Conduct appropriate reference checks and further screening on all the long list of candidates (approximately 10-12), and present the ED Selection Committee with a detailed report, including all available background information, detailed curricula vitae and references;
- (b) Assist the Appointment Committee in establishing a short list of candidates (approximately five or six) that will be further evaluated;
- (c) Assist the ED Selection Committee's interviews with the short list candidates, including drafting suitable and effective interview questions;
- (d) Attend the interviews and prepare a report with the minutes of the interviews conducted, for consideration by the ED Selection Committee in its deliberations.

### **4.2.4 Establishment of the final list of candidates (at least three)**

- (a) Assist the ED Selection Committee in establishing the final list of three candidates which may include ranking by preference, to be presented to the Board for final approval;
- (b) Assist the ED Selection Committee to interview the final list of at least three candidates, including drafting probing interview questions and preparing a scoring sheet for the ED Selection Committee and preparing a short report;
- (c) Assist the ED Selection Committee in preparing a detailed final report to be presented to the Board for decision;
- (d) Keep close communication with all the candidates, present the Green Climate Fund in the best possible light as an attractive employer; and
- (e) Respond to all questions and concerns in a timely way, and keep all candidates informed about the progress of their candidacy.

## **V. Outputs**

8. To provide, as a result of the above:

- (a) A first cut list of 20-25 candidates;
- (b) Assist the ED Selection Committee to select a long list of 10-12 candidates;
- (c) Assist the ED Selection Committee to select a short list of 5 or 6 candidates;
- (d) Assist the ED Selection Committee to select final list of candidates ;
- (e) Complete data and brief comments on the first cut list of 20-25 candidates;
- (f) A report on the process to establish the long list of candidates;
- (g) A report on the interviews conducted for establishing the short list of candidates;
- (h) Draft interview questions and a scoring grid for the ED Selection Committee and prepare a report on the interviews of the final list of candidates; and
- (i) Prepare a detailed final report, in collaboration with the ED Selection Committee, on the final list of candidates and the recruitment process.

## **VI. Monitoring and progress controls, including reporting requirements**

9. The recruitment firm shall work closely with the ED Selection Committee. It will only have contact the Fund's Secretariat for purely administrative purposes.

## **VII. Confidentiality**

10. All details of this assignment, candidates, selection processes, discussions, interviews etc. must be kept entirely confidential. The consultants are expected to understand the sensitive nature of this assignment and act accordingly.

## **VIII. Duration of the consultancy**

11. This consultancy is expected to take up to a maximum of six months starting from the date of signature of the contract by both parties, subject to adjustments as required.

12. The contract ends at the point of signature of the contract by selected candidate. If the candidate resigns or is let go within one year of taking up his or he role, the recruitment firm is obliged to find a replacement without charging a fee.

**DECISION B.12/19: Performance Review of the Executive Director**

The Board, having considered document GCF/B.12/16 titled “Performance review of the Executive Director, report from the Executive Director Performance Review Committee”,

Takes note of the documents titled “Summary report of the performance review of the Executive Director of the independent Secretariat of the Green Climate Fund”, “Lessons learned through the Executive Director performance review”, “360 degree feedback Report conducted by the independent firm” and “Executive Director self-assessment (July 2013 to end-December 2015)” shared as confidential documents with Board members and alternate Board members on the grounds that these documents contain personal information.

**DECISION B.BM-2016/01 (c): Appointment of member to the Executive Director Performance Review Committee**

The Board, having reviewed document GCF/BM-2016/01 titled “Appointment of members to Committees of the Board”:

- (c) Appoints as members of the Executive Director Performance Review Committee:
  - (i) Jorge Ferrer Rodriguez.

**DECISION B.11/06: Executive Director Performance Review – Committee and modalities**

The Board

- (a) Decides on the need to undertake and conclude a review of the performance of the Executive Director by the first meeting of the Board in 2016;
- (b) Establishes an Executive Director Performance Review Committee as an ad hoc committee of the Board in accordance with paragraphs 2(g) and 30 of the Rules of Procedure of the Board;
- (c) Adopts the terms of reference of the Executive Director Performance Review Committee, as set out in Annex I to this decision;
- (d) Appoints as members of the Executive Director Performance Review Committee:
  - (i) Mr. David Kaluba;
  - (ii) Ms. Caroline Leclerc;
  - (iii) Ms. Andrea Ledward; and
  - (iv) Mr. Yingming Yang;
- (e) Reaffirms the terms of reference, including the job description and qualifications, for the Executive Director adopted by decision B.01-13/07 (Annex XVI to the decision), which will guide the performance review of the Executive Director;
- (f) Adopts the methodology for the performance review set out in Annex II to this decision;
- (g) Decides to engage the services of an independent external evaluation firm to support the Executive Director Performance Review Committee;
- (h) Endorses the terms of reference of the independent external evaluation firm, as set out in Annex III to this document;
- (i) Decides that the Executive Director Performance Review Committee will engage the independent external evaluation firm following a procurement process in accordance with the GCF procurement guidelines and supported by the Secretariat; and

- (j) Approves a budget for the performance assessment process of the Executive Director, including the costs of the independent external evaluation firm of up to USD 20,000.

### Annex I: Terms of reference of the Executive Director Performance Review Committee

#### **I. Role and functions**

2. The role of the Executive Director Performance Review Committee (ED Performance Review Committee) is to:

- (a) Develop an appropriate methodology for assessing the performance of the Executive Director in accordance with these terms of reference; and
- (b) Oversee the performance review of the Executive Director and report the results back to the Board at its first meeting in 2016.

3. In fulfilling this role, the ED Performance Review Committee will:

- (a) Oversee the development of a methodology for assessing the performance of the Executive Director that covers all areas of performance and seeks input from all relevant stakeholders;
- (b) Oversee the performance review of the Executive Director, drawing on the support of an independent external evaluation firm, and in line with the process contained in Annex II to decision B.11/06; and
- (c) Report the outcome to the Board at the first meeting of the Board in 2016.

#### **II. Membership**

4. The ad hoc committee will comprise:

- (a) Two developing country Board members and/or alternate members; and
- (b) Two developed country Board members and/or alternate members.

5. Members of the ED Performance Review Committee will serve for its duration as per paragraph 6 below.

#### **III. Duration**

6. The ED Performance Review Committee will be an ad hoc committee of the Board and shall function until the earlier of:

- (a) The conclusion of the performance assessment of the Executive Director; or
- (b) The Board having decided to terminate the Committee.

### Annex II: Proposed guiding principles and methodology for the performance review of the Executive Director of the Independent Secretariat of the Green Climate Fund

1. The Executive Director Performance Review Committee (ED Performance Review Committee) submits for Board consideration the following guiding principles and methodology for the performance review.

#### **I. Guiding principles**

2. The review should:

- (a) Take into account the accountability of the Executive Director to the Board of the Green Climate Fund;
- (b) Cover the whole period of the Executive Director's term of office, which commenced on 9 September 2013;
- (c) Take into account the circumstances of the Independent Secretariat's functioning in this period, recognizing that the Executive Director led the transition from the Interim Secretariat and the establishment of the permanent Secretariat in Songdo, Republic of Korea. Other major functions included:
- (i) Assisting the Board in the process for the Initial Resource Mobilization;
- (ii) Initiating the recruitment of staff; and
- (iii) Guiding the Secretariat's efforts in the processing of accreditation requests of national and international implementing entities and the presentation of funding proposals;
- (d) Be conducted in line with agreed policies and principles of the GCF with respect to transparency and inclusiveness.

#### **II. Methodology**

3. The ED Performance Review Committee has analysed the processes used to review the performance of senior officials at comparable institutions and proposes that the independent external evaluation firm:

- (a) Facilitate the self-assessment of the performance of the Executive Director with regard to the duties adopted by Annex XVI to decision B.01-13/07;

## Chapter VII: The Secretariat

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- (b) Facilitate an online 360-degree leadership assessment exercise eliciting feedback from:
  - (i) All individual staff members, including direct reports;
  - (ii) All members of the Board and alternate Board members, including advisers; and
  - (iii) A representative sample of representatives of stakeholder groups, including GCF contributors and recipients; the Interim Trustee; relevant bodies under the United Nations Framework Convention on Climate Change; cooperating bilateral and multilateral institutions and agencies; the Government of the host country; and active observers;<sup>1</sup>
- (c) The 360-degree leadership assessment exercise will elicit qualitative and quantitative feedback on the following competencies:
  - (i) Strategic leadership and delivery;
  - (ii) Builds organizational capacity and capability;
  - (iii) Manages people, finance and systems;
  - (iv) Mobilizes and sustains resources;
  - (v) Provides effective and timely support to the Board; and
  - (vi) Establishes and nurtures effective relationships;
- (d) Interview the Executive Director to review, complement and test the self-assessment and the results of the 360-degree leadership assessment exercise, in partnership with two representatives of the ED Performance Review Committee;<sup>2</sup>
- (e) The ED Performance Review Committee will:
  - (i) Collate and review the information from the self-assessment, 360-degree leadership assessment exercise and interview; and
  - (ii) Report to the Board the collated information on the performance review of the Executive Director at the twelfth meeting of the Board to enable the Board to reach an overall assessment of performance, based on the recommendation of the ED Performance Review Committee.

### Annex III: Terms of reference for the independent external evaluation firm

#### **I. Introduction**

1. Paragraph 3 of the Governing Instrument establishes the Green Climate Fund (GCF) as “a continuously learning institution guided by processes for monitoring and evaluation”. This principle is applicable to all aspects of the operations of the GCF, including its projects and programmes, as well as the functioning of its Secretariat.
2. The GCF endeavours to nurture and develop talent in order to promote the most effective use of their expertise; to determine the quality of their service; to recognize their achievements; and to identify their training and development needs.
3. The Board notes the importance of providing feedback and evaluating performance, in order to facilitate learning and continuous improvement in the day-to-day operations of the Secretariat. Paragraph 20 of the Governing Instrument provides that “The Secretariat will be headed by an Executive Director with the necessary experience and skills, who will be appointed by and be accountable to the Board”.
4. The Board proposes to conduct a 360-degree leadership assessment exercise of the Executive Director (Assessee) of the GCF Secretariat. This would help the Assessee to gain insights on how she/he is perceived by other staff and stakeholders and have an opportunity to adjust behaviours and develop skills that will enable her/him to excel at her/his role.
5. This RFP seeks to identify an independent external evaluation firm that will assist the Executive Director Performance Review Committee (ED Performance Review Committee) in undertaking the tasks described below.

#### **II. Objective of the assignment**

6. The objective of the assignment is to assist and facilitate the performance review of the Assessee as per the “Proposed guiding principles and methodology for the performance review of the Executive Director of the Independent Secretariat of the Green Climate Fund” (Annex II to decision B.11/06).

#### **III. Scope and focus of the assignment**

7. The independent external evaluation firm would design/offer a powerful leadership development tool to conduct a 360-degree leadership assessment exercise in which the Assessee would be able to reflect through self-

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<sup>1</sup> The Executive Director will be asked to provide at least five names from each category with whom she/he interacted

<sup>2</sup> One from a developing country and one from a developed country

evaluation and receive anonymous feedback from the people with whom she/he works closely as per the “Proposed guiding principles and methodology for the performance review of the Executive Director of the Independent Secretariat of the Green Climate Fund” (Annex II to decision B.11/06).

8. In general, the tool will include, but may not be limited to, the following features:
    - (a) Designed to collect objective feedback from:
      - (i) All individual staff members, including direct reports;
      - (ii) All members of the Board and alternate Board members, including advisers; and
      - (iii) A representative sample of representatives of stakeholder groups, including GCF contributors and recipients; the Interim Trustee; relevant bodies under the United Nations Framework Convention on Climate Change; cooperating bilateral and multilateral institutions and agencies; the Government of the host country; and active observers;\*
    - (b) Internet-based administration and data collection;
    - (c) The capacity to administer to any number of respondents mentioned in paragraph 8(a) above;
    - (d) Utmost confidentiality;
    - (e) Detailed report and analysis with ratings, verbatim comments and graphs indicating strengths and areas for development; and
    - (f) Based on research conducted on the performance review processes of top-level executives in comparable institutions.
  9. The consulting firm would follow the following process:
    - (a) Understand the organization’s mission and the mandate and role of the Assessee;
    - (b) Identify dimensions/behaviours to be measured with respect to the terms of reference of the Assessee adopted by the Board in decision B.01-13/07 (Annex XVI to the decision) and the “Proposed guiding principles and methodology for the performance review of the Executive Director of the Independent Secretariat of the Green Climate Fund”, adopted by decision B.11/06 (Annex II);
    - (c) Draft and finalize the questionnaire for the 360-degree leadership assessment exercise based on consultation with the ED Performance Review Committee;
    - (d) Facilitate the steps outlined in paragraph 3 of the “Proposed guiding principles and methodology for the performance review of the Executive Director of the Independent Secretariat of the Green Climate Fund”, adopted by decision B.11/06 (Annex II);
    - (e) Present a detailed report to the ED Performance Review Committee and to the Assessee; and
    - (f) Work closely with the ED Performance Review Committee in each stage of the assignment.
- IV. Duration of the consultancy**
10. The consultancy is expected to take up to a maximum of six weeks starting from the date of signature of contract by both parties, subject to adjustments as required and mutually agreed upon.

### **DECISION B.04/02: Selection of the Executive Director**

The Board:

- (a) Decided by consensus to select Ms. Hela Cheikhrouhou for the post of the Executive Director of the Fund;
- (b) Requested the Interim Secretariat to engage an executive search firm to facilitate the negotiation of the terms of the contract that will be in accordance with the approved terms of reference<sup>†</sup> (annex to Board decision B.01-13/07) with Ms. Cheikhrouhou, including on a remuneration package that will be in accordance with Board decision B.01-13/07, with the terms of the contract being subject to the approval by the Co-Chairs;

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\* The Executive Director will be asked to provide at least five names from each category with whom she/he interacted.

† This presumes that the Headquarters Agreement and the Green Climate Fund Act have entered into force.

- (c) Authorized the Co-Chairs to sign, on behalf of the Fund, the contract between Ms. Cheikhrouhou and the Fund.

**DECISION B.01-13/07: Terms of reference/advertising for the GCF Executive Director**

The Board, having considered document GCF/B.01-13/05 Progress Report of the Executive Director Selection Committee,

- (a) Approved the terms of reference, including the job description and qualifications, for the Executive Director set out in Annex XVI to this report;
- (b) Authorized the Interim Secretariat to advertise the vacancy announcement.

Annex XVI: Terms of reference for the Executive Director

**I. Job description**

1. The Executive Director will be appointed by, and accountable to, the Board of the Green Climate Fund.
2. The Executive Director, operating under the Board, will:
  - (a) Establish and maintain effective relationships with the Government of the Republic of Korea, in setting up the offices in Songdo and ensuring that the officials of the Fund enjoy the privileges and immunities associated with their official functions and status;
  - (b) Recruit all international and local staff of the Secretariat, ensuring geographic and gender balance, in accordance with the organizational structure and administrative budget approved by the Board;
  - (c) Establish and maintain effective relationships with the Fund's stakeholders in order to mobilize resources for, and advance the objectives of, the Fund, including its contributors, recipients, and other components of the Fund, as well as the Trustee, relevant bodies under the United Nations Framework Convention on Climate Change, observer organizations, multilateral, bilateral and development agencies and other stakeholders;
  - (d) Lead the Secretariat's efforts in supporting the Board with the development of:
    - (i) The Fund's operational modalities, access modalities and funding structures;
    - (ii) Specific operational policies and guidelines, including for programming, project cycle, administration and financial management;
    - (iii) Funding criteria, modalities, policies and programmes;
    - (iv) Environmental and social safeguards and fiduciary principles and standards that are internationally accepted as best practice;
    - (v) Criteria and application processes for the accreditation of implementing entities of the Fund;
    - (vi) The arrangements for replenishment processes; and
    - (vii) A framework for the monitoring and evaluation of performance and the financial accountability of activities supported by the Fund and any necessary external audits.
- (e) Lead the Secretariat's team of professionals to:
  - (i) Organize and execute all administrative duties, including the preparation for meetings of the Board and its subsidiary bodies;
  - (ii) Report information on the Fund's activities;
  - (iii) Liaise with members, implementing entities, and cooperating bilateral and multilateral institutions and agencies;
  - (iv) Prepare performance reports on the implementation of activities under the Fund;
  - (v) Develop the work programme and annual administrative budget of the Secretariat and Trustee for approval by the Board;
  - (vi) Operationalize the project and programme cycle processes;
  - (vii) Prepare financial agreements related to the specific financing instrument to be concluded with an implementing entity;
  - (viii) Monitor the financial risks of the outstanding portfolio;
  - (ix) Work with the Trustee to support the Board to enable it to carry out its responsibilities;

- (x) Carry out monitoring and evaluation function, as may be required by the Board;
- (xi) Establish and run effective knowledge management practices; and
- (xii) Perform any other functions assigned by the Board.

3. The Executive Director will report to the Board at its regular meetings.

### **II. Required experience and qualifications**

4. The Executive Director will have:

- (a) Intellectual leadership, based on knowledge and experience of climate change, development and/or financial issues, and their interrelationships;
- (b) Demonstrated capability to apply sound political judgment and strategic thinking to complex problems as they relate to effective leadership of institutions;
- (c) Communication and advocacy skills for successful interaction with decision-makers at the highest level;
- (d) Proven skills to build, lead and manage a large organization in an international context and guide its day-to-day operations;
- (e) Experience in working with a range of stakeholders in developing and developed countries;
- (f) Track record of robust, accountable management of financial resources at a senior level, preferably in a development finance context;
- (g) Experience in establishing and leading diverse teams with multifaceted work programmes;
- (h) Sensitivity to political, and respect for cultural, factors;
- (i) Degree in a relevant field, advanced degree desirable;
- (j) At least 15 years of relevant experience, including experience in, or working with, developing countries; and
- (k) Fluency in English, knowledge of Arabic, Chinese, French, Russian or Spanish an advantage.

### **III. Remuneration, contractual arrangements and term**

5. Remuneration will be comparable to the level of a Vice President of the World Bank and an Assistant Secretary General in the United Nations common system.

6. The Board will appoint the Executive Director. Given that the appointment of the Executive Director will be effected prior to the formal launch of the Secretariat, transitional contracting arrangements may be needed.

7. The term of the position will be three years, with the possibility of reappointment.

## **DECISION B.02-12/08: Arrangements for selection of the GCF Executive Director**

The Board:

- (a) Decided to establish an Executive Director Selection Committee consisting of six Board members (H.E. Mr. Jan Cedergren, H.E. Mr. Ernesto Cordero Arroyo, Mr. Omar El-Arini, H.E. Ms. Audrey Joy Grant, Mr. Manfred Konukiewicz and Mr. Alexey Kvasov ) that will oversee the selection process and make recommendations to the Board;
- (b) Agreed to request the Executive Director Selection Committee to:
  - (i) Agree to revise the draft terms of reference for the Executive Director (Annex III of document GCF/B.02-12/08), taking into account written comments received from Board members, which will be provided no later than 3 November 2012;
  - (ii) Decide the selection process for the Executive Director, considering the most effective and efficient approach, including whether an executive search firm is required to assist in the process;
  - (iii) In the event that an executive search firm is the option of choice, agree on the terms of reference for the search firm, and provide guidance to the Interim Secretariat to identify a suitable firm in a cost-effective manner, for approval by the Selection Committee;
  - (iv) Approve the text and media for disseminating the advertisement for the Executive Director;

- (v) Agree a short-list of candidates, interview the short-listed candidates and create a final list of three candidates without ranking for consideration by the Board, at its third meeting;
- (vi) Incur expenses of up to US\$ 200,000, ensuring expenditure is efficient and cost-effective. If there is a requirement to exceed this amount, the Selection Committee will seek the Co-Chairs' approval; and
- (vii) Keep the Board informed of progress, including a report to the third meeting addressing action in relation to sub-paragraphs (i)-(vi) above.

### **ADMINISTRATIVE/HUMAN RESOURCES POLICIES AND PROCEDURES**

#### **DECISION B.22/20: Revised legal framework on human resources management – continued consideration**

The Board, having considered document GCF/B.22/16 titled “Revised legal framework for human resources management”:

- (a) Decides to continue its consideration of the Revised Legal Framework on Human Resources with a view to present a revised proposal for the Board’s consideration at a future meeting; and
- (b) Requests the Budget Committee to analyse the current salary scales and the amounts for benefits and allowances payable under the Administrative Guidelines on Human Resources, and to present to the Board for its consideration at its twenty-fourth meeting proposals for updates to the salary scale and current benefits and allowances.

#### **DECISION B.11/12: Administrative guidelines on human resources**

The Board, having considered the information contained in document GCF/B.11/19 titled “Updated administrative guidelines on human resources”:

- (a) Takes note of the recommendations made by members of the Board and the clarifications provided by the Secretariat;
- (b) Also takes note of the revised salary structure of the Asian Development Bank and the study conducted on the cost of living;
- (c) Notes that the Executive Director may apply, in exceptional cases based on experience and merit considerations, more flexibility to appoint staff on a broader range, between the minimum and midpoint, on each salary level, based on a gradual negotiation which starts at the minimum;
- (d) Approves the continued application of the administrative guidelines on human resources until the Board shall have approved the revised guidelines;
- (e) Requests Board members to provide written suggestions for possible changes to the guidelines by 15 December 2015;
- (f) Also requests the Secretariat to consider the proposed changes and present the revised guidelines with the appropriate changes to the Board for its approval; and
- (g) Decides to review the administrative guidelines on human resources at its twelfth meeting.

#### **DECISION B.08/17: Administrative Guidelines on Human Resources**

The Board, having considered document GCF/B.08/26 Administrative Guidelines on Human Resources, which was circulated to the Board as a limited distribution document:

- (a) Approves the Administrative Guidelines on Human Resources for a period to last until the end of 2015;

- (b) Authorizes the Executive Director to promulgate the guidelines for a period to last until the end of 2015;
- (c) Requests the Secretariat to seek further written comments from the Board on the guidelines until the end of 2014;
- (d) Requests the Secretariat to present, at the first Board meeting of 2015, an information note with the changes to be incorporated into the guidelines on the basis of the comments from the Board; and
- (e) Decides that the Board will review the guidelines, on the basis of the information note, at its last Board meeting of 2015.

**\*DECISION B.06/03: Adoption of Administrative Policies of the Fund**

The Board, having considered document GCF/BM-2014/01 Administrative Policies of the Fund:

- (a) Adopts the Administrative Policies of the Fund, as contained in Annex I to this document; and
- (b) Approves the Fund's initial staff salary structure for internationally and locally recruited staff effective 1 January 2014, as set out in Annex II to this document.

(Note: Annexes I and II mentioned in decision B.06/03 can be found at the following link:

[https://www.greenclimate.fund/documents/20182/24940/GCF\\_B.06\\_18 - Decisions of the Board - Sixth Meeting of the Board 19-21 February 2014.pdf/0ba2bfb2-9cbe-41e1-83a6-c5d5662fb463](https://www.greenclimate.fund/documents/20182/24940/GCF_B.06_18_-_Decisions_of_the_Board_-_Sixth_Meeting_of_the_Board_19-21_February_2014.pdf/0ba2bfb2-9cbe-41e1-83a6-c5d5662fb463) )

**DECISION B.04/03: Administrative Policies and Procedures of the independent Secretariat**

The Board, having reviewed document GCF/B.BM-2013/01 Administrative Framework for the Green Climate Fund,

- (a) Approved the following hybrid option as the basis for the administrative framework for the Fund:
  - (i) Privileges and immunities for the Fund's staff to be established consistent with paragraph 8 of the Governing Instrument, with reference to those provided to the International Fund for Agricultural Development and other international financial institutions that operate effectively internationally through appropriate bilateral and multilateral agreements; and
  - (ii) The Fund's administrative policies, including for human resources, procurement, travel and finance, are to be based on those used by the Asian Development Bank;
- (b) Requested the Interim Secretariat to undertake work on obtaining administrative support from another organisation to facilitate the transition from the Interim Secretariat to the independent Secretariat, for consideration and adoption by the Board at its September 2013 meeting;
- (c) Further requested the Interim Secretariat to initiate work on the Fund's administrative policies based on the hybrid option, and advance work as rapidly as possible and report on progress to the Board at its September 2013 meeting;
- (d) Authorized the Executive Director to develop the necessary administrative guidelines for the operations of the independent Secretariat based on the direction provided by the Board.

**DECISION B.01-13/08: Further work on administrative policies of the Secretariat**

The Board, having reviewed document GCF/B.01-13/04 Administrative Policies of the Independent Secretariat,

- (a) Requested the Interim Secretariat to further explore the feasibility of the options presented in document GCF/B.01-13/04, including a United Nations common system, a multilateral development bank system and a United Nations common system – multilateral development bank system hybrid option based on the International Fund for Agricultural Development and the Asian Development Bank, in its further work on preparing the administrative policies of the independent Secretariat and prepare a working document for an intersessional decision by the Board on a no-objection basis;
- (b) Decided that, upon an intersessional agreement of the Board, all necessary documents to this effect will be commissioned during the course of the next months and be ready for consideration by the Board at its next meetings in line with the timetable set out in Annex XVII to this report to ensure the transition from the Interim Secretariat to the independent Secretariat by December 2013;
- (c) Decided that, should the Board not agree intersessionally to an option for the administrative policies of the independent Secretariat, the matter be brought forward to the Board for consideration at its June 2013 meeting.

### Annex XVII: Timetable for consideration of matters relating to the establishment of the independent Secretariat

The timetable for consideration of matters relating to the establishment of the independent Secretariat by the Board is as follows:

- (a) Board meeting in March 2013:
  - (i) Headquarters agreement adopted
  - (ii) Guidance provided on the administrative framework of the Fund's independent Secretariat
  - (iii) Progress report by the Executive Director Selection Committee
- (b) Board meeting in June 2013:
  - (i) Human resource policies and procedures presented
  - (ii) Financial management and procurement policies and procedures presented
  - (iii) Facility management, travel and general administration policies and procedures presented
  - (iv) Information technology policies and procedures presented
  - (v) Final report by the Executive Director Selection Committee and appointment decision by the Board
  - (vi) Guidance provided on the policies and procedures listed above, as necessary, and on the transition arrangement from the Interim Secretariat to the independent Secretariat
- (c) Board meeting in September 2013:
  - (i) Further guidance provided to the Executive Director on administrative policies and procedures, including a general staffing strategy for the independent Secretariat
  - (ii) Further guidance provided relating to the transition from the Interim Secretariat to the independent Secretariat

## FINANCIAL STATEMENTS

### **DECISION B.23/01: Approval of audited financial statements of the GCF for 2018**

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.

(Note: Annex I mentioned in decision B.23/01 can be found at the following link: [https://www.greenclimate.fund/documents/20182/1674504/GCF\\_B.23\\_23\\_-\\_Decisions\\_of\\_the\\_Board\\_twenty-third\\_meeting\\_of\\_the\\_Board\\_6\\_8\\_July\\_2019.pdf/de0260d1-736f-0dbf-695c-06684f805ad9](https://www.greenclimate.fund/documents/20182/1674504/GCF_B.23_23_-_Decisions_of_the_Board_twenty-third_meeting_of_the_Board_6_8_July_2019.pdf/de0260d1-736f-0dbf-695c-06684f805ad9))

### **DECISION B.20/09: Approval of audited financial statements of the GCF for 2017**

The Board, having considered document GCF/B.20/02 titled “Audited financial statements of the Green Climate Fund for the year ended 31 December 2017”:

Approves the audited financial statements of the Green Climate Fund for the year ended 31 December 2017 as contained in annex IV.

(Note: Annex IV mentioned in decision B.20/09 can be found at the following link:

[https://www.greenclimate.fund/documents/20182/1087995/GCF\\_B.20\\_25\\_-\\_Decisions\\_of\\_the\\_Board\\_twentieth\\_meeting\\_of\\_the\\_Board\\_1\\_4\\_July\\_2018.pdf/80c9b411-a25d-7106-00d6-5cf2c9d5cb15](https://www.greenclimate.fund/documents/20182/1087995/GCF_B.20_25_-_Decisions_of_the_Board_twentieth_meeting_of_the_Board_1_4_July_2018.pdf/80c9b411-a25d-7106-00d6-5cf2c9d5cb15))

### **DECISION B.17/23: Approval of the audited financial statements of the GCF for 2016**

The Board, having considered document GCF/B.17/07 titled “Audited financial statements of the Green Climate Fund for the year ended 31 December 2016”:

Approves the audited financial statements of the GCF for the year ended 31 December 2016 as contained in annex XXI.

(Note: Annex X mentioned in decision B.13/38 can be found at the following link:

[https://www.greenclimate.fund/documents/20182/751020/GCF\\_B.17\\_21\\_-\\_Decisions\\_of\\_the\\_Board\\_seventeenth\\_meeting\\_of\\_the\\_Board\\_5\\_6\\_July\\_2017.pdf/95256895-d699-404e-b3c0-a46b2558ceaf](https://www.greenclimate.fund/documents/20182/751020/GCF_B.17_21_-_Decisions_of_the_Board_seventeenth_meeting_of_the_Board_5_6_July_2017.pdf/95256895-d699-404e-b3c0-a46b2558ceaf))

### **DECISION B.13/38: Approval of the audited financial statements of the GCF for 2015**

The Board, having considered document GCF/B.13/22 titled “Audited financial statements of the Green Climate Fund for the year ended 31 December 2015”,

Approves the financial statements of the GCF for the year ended 31 December 2015 as contained in annex X.

(Note: Annex X mentioned in decision B.13/38 can be found at the following link:

[https://www.greenclimate.fund/documents/20182/226888/GCF\\_B.13\\_32\\_Rev.01\\_-\\_Decisions\\_of\\_the\\_Board\\_thirteenth\\_meeting\\_of\\_the\\_Board\\_28-30\\_June\\_2016.pdf/c93a0291-28c1-4bfc-bc22-cf4c590c3c83](https://www.greenclimate.fund/documents/20182/226888/GCF_B.13_32_Rev.01_-_Decisions_of_the_Board_thirteenth_meeting_of_the_Board_28-30_June_2016.pdf/c93a0291-28c1-4bfc-bc22-cf4c590c3c83))

### **DECISION B.11/02: Approval of the financial statements of the GCF for 2014**

The Board, having considered document GCF/B.11/21 titled “The financial statements of the Green Climate Fund for the year ended 31 December 2014 and Annual Report 2014/15”:

- (a) Approves the financial statements of the Green Climate Fund (GCF) for the year ended 31 December 2014 as contained in Annex I to this decision; and
- (b) Takes note of the GCF Annual Report 2014/15 as contained in Annex II to this decision.

(Note: Annexes I and II mentioned in decision B.11/02 can be found at the following link:

[https://www.greenclimate.fund/documents/20182/87610/GCF\\_B.11\\_24\\_-\\_Decisions\\_of\\_the\\_Board\\_Eleventh\\_meeting\\_of\\_the\\_Board\\_2\\_5\\_November\\_2015.pdf/47a44df4-82f4-420e-881f-5d6ade76882c](https://www.greenclimate.fund/documents/20182/87610/GCF_B.11_24_-_Decisions_of_the_Board_Eleventh_meeting_of_the_Board_2_5_November_2015.pdf/47a44df4-82f4-420e-881f-5d6ade76882c))

## **ADMINISTRATIVE TRIBUNAL**

### **\*DECISION B.15/15: Agreement on use of the administrative tribunal of the International Labour Organization in disputes involving staff of the GCF Secretariat**

The Board, having considered document GCF/B.15/22 (limited distribution) titled “Options for the operationalization of the Fund’s Administrative Tribunal”:

- (a) Decides to recognize the jurisdiction of the administrative tribunal of the International Labour Organization in respect of disputes involving a member of staff of the Secretariat or any of the independent accountability units;

- (b) Recognizes that judgments handed down by the administrative tribunal of the International Labour Organization in respect of staff of the Secretariat and the independent accountability units will be legally binding on the GCF;
- (c) Requests the Executive Director to take the necessary steps to notify the Governing Body of International Labour Organization of the Board's decision to recognize the jurisdiction of the administrative tribunal of the International Labour Organization;
- (d) Also requests the Secretariat to notify the Board once the Governing Body of International Labour Organization has approved of the Board's decision on this matter and the arrangements for addressing disputes involving a member of staff of the Secretariat or any of the independent accountability units have become operational;
- (e) Decides, pending the approval referred to in paragraph (d) above, that any disputes involving a member of staff of the Secretariat or any of the independent accountability units which have exhausted all internal dispute settlement procedures without resolution shall be referred to international arbitration, to be determined by a sole arbitrator with expertise in international administrative law;
- (f) Requests the Secretariat to make the necessary arrangements for such international arbitration as a matter of urgency; and
- (g) Decides that the GCF shall bear all administrative costs in connection with such arbitration, including the arbitrator's fees and relevant institutional costs but excluding the staff member's legal costs, unless the arbitrator determines otherwise.

**DECISION B.13/37: Administrative Tribunal of the GCF**

The Board, having reviewed document GCF/B.13/28 "Administrative Tribunal of the Green Climate Fund (status update)",

- (a) Takes note of the progress made to date with respect to the arrangements for the Administrative Tribunal of the GCF; and
- (b) Requests the Secretariat to prepare a document for consideration by the Board as soon as is possible, and no later than at its fifteenth meeting, setting out the options for the Administrative Tribunal of the GCF, which should include an estimate of the related costs.

**DECISION B.12/40: Administrative Tribunal of the GCF**

The Board, having considered document GCF/B.12/21 titled "Administrative Tribunal of the Green Climate Fund",

- (a) Takes note of the status of preparations and the urgent need to agree upon institutional arrangements for the Administrative Tribunal of the Green Climate Fund; and
- (b) Requests the Secretariat to prepare a document for consideration by the Board at its thirteenth meeting setting out the two options referred to in document GCF/B.12/21. In particular, the document should set out:
  - (i) The structure and mandate of the International Labour Organization Administrative Tribunal, a summary of its rules of procedure, the steps which the GCF must take in order to recognize the jurisdiction of the International Labour Organization Administrative Tribunal, the expected time frame for doing so and an estimate of the annual costs associated with adopting such an approach; and
  - (ii) Other options.

## COMMUNICATION AND OUTREACH

### **\*DECISION B.13/25: Communications and Outreach**

The Board:

- (a) Recognizes the importance of effective communication and outreach in supporting the objectives and guiding principles of the GCF;
- (b) Also recognizes the need for strategic, clear and consistent communication and outreach by the Secretariat, including Board-appointed officials, and the Board;
- (c) Recalls decision B.04/14, paragraph (c), which requested the Secretariat, under the guidance of the Co-Chairs, to develop a communications strategy for the consideration of the Board;
- (d) Decides that the Secretariat's capacity for strategic communications and outreach shall be further developed;
- (e) Requests the Secretariat as a matter of urgency and in consultation with the Budget Committee, in considering the structure of the Secretariat, to present for consideration by the Board at its fourteenth meeting a proposal on Secretariat staffing for communications and outreach;
- (f) Decides to prioritize the development of a GCF communications strategy for presentation to the Board no later than its seventeenth meeting;
- (g) Requests the Co-Chairs to oversee communications and outreach, including the development and revision of material until the commencement of the new Executive Director; and
- (h) Decides that, until a communications strategy is adopted, the objectives of communications and outreach are:
  - (i) To provide clear and accessible information on the GCF, in order to prompt the generation of high-quality funding proposals that will trigger clear transformational changes;
  - (ii) To encourage and support all key stakeholders to access and engage with the GCF;
  - (iii) To ensure broad coverage of developing countries so as to highlight how beneficiary countries will benefit from their relationship with the GCF; and
  - (iv) To enhance transparency.

### **DECISION B.12/26: Deferral of Communication Strategy of the GCF**

The Board,

Decides to defer its consideration of the Communication strategy of the Fund to the thirteenth meeting of the Board.

### **\*DECISION B.04/14: Development of a Communication Strategy of the GCF**

The Board, having reviewed document GCF/B.04/13 Concept Note on the Development of a Communication Strategy,

- (a) Decided to extend the timeframe for the completion of the communications strategy from September 2013 to the first Board meeting in 2014;
- (b) Approved the terms of reference for the development of a communication strategy, contained in Annex II to this document;
- (c) Requested the Interim Secretariat, under the guidance of the Co-Chairs, to develop the communications strategy with the assistance of a consultant or consultants, on the basis of the terms of reference in Annex II to this document, for the consideration by the Board at its first meeting in 2014;

- (d) Acknowledged that US\$ 35,000 from the administrative budget of the Fund for the period from 1 November 2012 to 31 December 2013 may be used for the completion of the work planned for 2013, as set out in Annex II to this document;
- (e) Further requested the Interim Secretariat to allocate US\$15,000 from the administrative budget for the period commencing on 1 January 2014 to be used for the completion of the work planned in 2014, as set out in Annex II to this document.

### Annex II: Terms of reference for the development of a communication strategy

#### **I. Context**

1. The Green Climate Fund is a new multilateral fund that was agreed by Parties under the United Nations Framework Convention on Climate Change. The Fund's purpose is to make a significant and ambitious contribution to the global effort to limit global temperature increases to 2° Celsius by providing support to developing countries to limit or reduce their greenhouse gas emissions and to adapt to the impacts of climate change.
2. The Board decided that the Fund requires a comprehensive communication strategy in order to help it achieve its objectives.
3. Since its inception, the Fund has been subject to increasing levels of interest from a range of stakeholders, including developing and developed country governments, project implementers, media, civil society, and the private sector. This attention is likely to increase as the Fund moves to establish its headquarters in Songdo, Republic of Korea, and approaches its operationalization.
4. The Board is currently faced with the challenge of delivering rapid operationalization while, at the same time, ensuring that frameworks and policies are put in place to deliver an efficient and effective Fund. The Fund's communication strategy should seek to ensure that both these goals are understood and that the Board's approach is seen as credible by external stakeholders.
5. The communication strategy should identify levers for attracting funds, and address how external communications could generate stakeholder interest in this regard.
6. Finally, as the Fund moves to disbursing and channelling funds, the communication strategy will need to promote awareness of successful projects, and highlight the ongoing work of the Fund in supporting initiatives to address climate change.
7. The Fund's communication strategy should be based on, and evaluated against, the extent to which it helps the Fund to achieve its objectives.
8. The communication strategy should develop clear objectives, set specific targets, and identify the tools and activities which will need to be executed. A proactive communication strategy should be closely linked to the Board's work plan during all of these stages.

#### **II. Terms of reference**

- 2.1 The scope of work required includes:
  - (a) Communication review, including an analysis of the current perception of the Fund and its Board among key constituencies and stakeholders;
  - (b) Mapping of the communication strategies, relationships, and outputs of other comparable international institutions;
  - (c) Mapping of stakeholder and target audiences;
  - (d) Establishing objectives and priorities for the Fund's communication;
  - (e) Key messages for the Fund's external communications (including recommendations for preferred communication channels);
  - (f) Overview of proposed communication activities, including baseline components, with associated resource and capacity implications; and additional "added value" components, also with resource and capacity implications;
  - (g) Establishing a procedure for internal organization and planning of communication activities, including managing information flows between the Board, (Interim) Secretariat and consultant; and
  - (h) Establishing tools for evaluation of the communication strategy.
- 2.2 Timeline and deliverables for the strategy
  - (a) Concept note and terms of reference approved (June 2013);
  - (b) An outline strategy document, for the consideration by the Co-Chairs (August 2013);

- (c) A draft communication strategy, which should include the elements outlined in the scope of work, for the consideration by the Co-Chairs (December 2013); and
- (d) Final draft communication strategy presented for approval at the first Board meeting in 2014.

### 2.3 Consultancy support

9. The Interim Secretariat will engage external consultancy support to assist in delivering this work. A consultant or consultants will be selected, through a competitive process, from a short-list of communication experts established following the procedure outlined in Annex III to this document.

10. The work will be contracted through two contracts since the current spending authority is limited to 31 December 2013. The first contract will encompass the delivery of the draft communication strategy by December 2013. The second contract, for the final deliverable, would be entered into after the spending authority for 2014 is approved by the Board.

### **DECISION B.01-13/05: Communication and Representation**

The Board, having reviewed document GCF/B.01-13/06 Green Climate Fund Communication and External Representation,

- (a) Approved the scope of further work on communication outlined in Annex XIII to this document;
- (b) Requested members and alternate members of the Board to provide inputs by 15 March 2013 for the finalization of the communication products included in Annex III of document GCF/B.01-13/06 by the Interim Secretariat under the guidance of the Co-Chairs;
- (c) Requested the Interim Secretariat to prepare a concept note on the development of a communication strategy for the Fund, based on guidance provided by the Board, for consideration at the June 2013 Board; and to provide a draft communication strategy for the consideration of the Board at its September 2013 meeting;
- (d) Took note of the guidance on representation at external events outlined in Annex V of document GCF/B.01-13/06;
- (e) Decided that financial sponsorship of events should initially be discouraged, and appropriate and relevant requests for partnership in external events, with no associated financial commitment, should be considered by the Board on a no-objection basis;
- (f) Decided that the approach to Fund's representation at future meetings of the Technology Executive Committee and on the Advisory Board of the Climate Technology Centre and Network is interim, pending the development of a broader Fund strategy on engagement with UNFCCC and external bodies;
- (g) Decided that the selection of a Board representative in response to the ad hoc requests for Board's representation at future meetings of the Technology Executive Committee be guided by paragraph 8 of Annex IV to this report (Additional Rules of Procedure relating to the Co-Chairs);
- (h) Decided that the selection of a Board representative on the Advisory Board of the Climate Technology Centre and Network be undertaken intersessionally, once further clarity on the role, expectations and time commitment is provided by UNEP.

#### Annex XIII: Scope of further work on communication

The Interim Secretariat will finalize and maintain up to date the frequently asked questions, summaries of achievements and expected outcomes, and factsheet (outlined in Annex III of document GCF/B.01-13/06), for use by the Board as well as the staff of the Interim Secretariat and the Interim Trustee and for other communication activities. In doing so, the Interim Secretariat will operate under the guidance of the Co-Chairs and follow the guidance on communication provided by the Board at its March 2013 meeting.

## PRIVILEGES AND IMMUNITIES

### **\*DECISION B.10/12: Authorization to negotiate/sign agreements on Privileges/Immunities**

The Board, having reviewed document GCF/B.10/12 Template for Bilateral Agreement on Privileges and Immunities:

- (a) Authorizes the Executive Director to negotiate and sign, or otherwise develop, taking account of the draft provisions set out in Annex XXV hereto and the domestic legal and policy frameworks of countries, agreements or other appropriate arrangements with countries on the privileges and immunities of the Green Climate Fund (the Fund);
- (b) Also authorizes the Executive Director to develop additional arrangements to elaborate on the privileges and immunities negotiated or otherwise developed by the Fund and country Parties to address privileges, immunities or exemptions for:
  - (i) Conferences or other international meetings of the Fund;
  - (ii) Country or regional offices of the Fund, or any permanent presence in a country;
  - (iii) Resolution of disputes regarding the application of privileges and immunities of the Fund; and
  - (iv) Any other privileges, immunities, or exemptions that the country and the Fund may agree as necessary to protect the Fund and persons associated with the Fund;\*
- (c) Requests the Secretariat to report at each meeting of the Board as part of the Secretariat's activities on any agreements or other appropriate arrangements which have been concluded or implemented;
- (d) Also requests the Secretariat to implement measures such as insurance, indemnification, or other liability protection to assure that Secretariat staff, Board members and alternates are protected, as appropriate, including while on mission; and
- (e) Further requests the Secretariat to incorporate in the report to the Conference of the Parties to the United Nations Framework Convention on Climate Change a section on the status of the Fund's existing privileges and immunities with regard to its operational activities, starting at its twenty-first session and thereafter biennially, consistent with decision 7/CP.20, paragraph 22.

#### Annex XXV: Draft provisions for privileges and immunities

##### **Article \* Purpose**

To enable the Green Climate Fund (the Fund) to effectively fulfil its purpose and carry out the functions entrusted to it, the status, immunities, exemptions and privileges set forth shall be accorded to the Fund in the territory of [country].

##### **Article \* Legal Status**

The Fund shall possess full juridical personality and, in particular, full capacity to:

- (a) Contract;
- (b) Acquire, and dispose of, immovable and movable property; and
- (c) Institute legal proceedings.

##### **Article \* Immunity from Judicial Proceedings**

1. The Fund shall enjoy immunity from every form of legal process, except in cases arising out of or in connection with the exercise of its powers to borrow money, to guarantee obligations, or to buy and sell or underwrite the sale of

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\* At its Fourth Meeting, the Board, by decision B.04/03 (a)(i) approved the following hybrid option as the basis for the administrative framework for the Fund: "Privileges and immunities for the Fund's staff to be established consistent with paragraph 8 of the Governing Instrument, with reference to those provided to the International Fund for Agricultural Development and other international financial institutions that operate effectively internationally through appropriate bilateral and multilateral agreements"

securities, in which case, action may be brought against the Fund in a court of competent jurisdiction in the territory of a country in which the Fund has its principal or a branch office, or has appointed an agent for the purpose of accepting service or notice of process, or has issued or guaranteed securities.

2. Notwithstanding the provisions of paragraph 1 of this Article, no action shall be brought against the Fund by [country], or by any agency or instrumentality of [country], or by any entity or person directly or indirectly acting for or deriving claims from [country] or from any agency or instrumentality of [country]. Any dispute regarding the application or interpretation of this agreement will be resolved through mutual consultation.

3. Property and assets of the Fund, shall, wheresoever located and by whomsoever held, be immune from all forms of seizure, attachment or execution before the delivery of final judgement against the Fund.

### **Article \*\* Immunity of Assets**

Property and assets of the Fund, wheresoever located and by whomsoever held, shall be immune from search, requisition, confiscation, expropriation or any other form of taking or foreclosure by executive or legislative action.

### **Article \*\* Immunity of Archives**

The archives of the Fund, and, in general, all documents and data, in whatever format, including electronic format, belonging to it, or held by it, shall be inviolable, wherever located.

### **Article \*\* Freedom of Assets from Restrictions**

1. To the extent necessary to carry out the purpose and functions of the Fund effectively, and subject to the provisions of this Agreement and the laws and regulations of [country], all property and assets of the Fund shall be free from restrictions, regulations, controls and moratoria of any nature.

2. Subject to the laws and regulations of [country], the Fund may without being restricted by financial controls, regulations or moratoria of any kind:

- (a) Hold funds, gold or currency of any kind and operate accounts in any currency; and
- (b) Shall be free to transfer its funds, gold or currency from one country to another, or within any country, and convert any convertible currency held by it into any other convertible currency.

3. In exercising its rights under paragraph 1 of this Article, the Fund shall pay due regard to any representations made by the Government insofar as it is considered that effect can be given to such representations without detriment to the interests of the Fund.

### **Article \*\* Privileges for Communications**

Official communications of the Fund shall be accorded treatment no less favourable than that accorded to the official communications of international organizations present in [country].

### **Article \*\* Immunities and Privileges of Fund Officials**

All Board members, alternates, their advisers, officers and employees of the Fund, including experts performing missions for the Fund:

- (a) Shall be immune from legal processes with respect to acts performed by them in their official capacity, except when the Fund waives the immunity;
- (b) Where they are not local citizens or nationals, shall be accorded the same treatment with respect to immigration requirements, alien registration requirements and national service obligations, and the same facilities as regards exchange regulations, as are accorded by members to the representatives, officials and employees of comparable rank of other international organizations; and
- (c) Shall be granted the same treatment in respect of travelling facilities as is accorded by [country] to representatives, officials and employees of comparable rank of other international organizations.

For the purposes of Article \*\*, \*\*, and \*\*, "experts performing missions for the Fund" includes an expert or consultant providing services under contractual arrangement with the Fund, including its monitoring and accountability units and members of Board committees, panels, and working groups.

### **Article \*\* Facilitation of Travel**

[Country] shall facilitate transit of movement, including through the expedited processing of applications of visas, where required, and where the laws and regulations of [country] allow, for Board members, alternates, their advisers, officers, and employees of the Fund, including experts performing missions for the Fund.

### Article \*\* Exemption from Taxation

1. The Fund, its assets, property, income and its operations and transactions shall be exempt from all taxation and from all customs duties. The Fund shall also be exempt from any obligation for the payment, withholding or collection of any tax or duty.
2. No tax shall be levied on or in respect of salaries or emoluments paid by the Fund to Board members, alternates, their advisers, officers or employees of the Fund, including experts performing missions for the Fund, except for the salaries and emoluments paid by the Fund to citizens or nationals of [country].
3. [Country] shall not levy any tax on any obligation or security issued by the Fund, including any dividend or interest thereon, by whomsoever held:
  - (a) If it discriminates against such obligation or security solely because it is issued by the Fund; or
  - (b) If the sole jurisdictional basis for such taxation is the place or currency in which it is issued, made payable or paid, or the location of any office or place of business maintained by the Fund.
4. No tax of any kind shall be levied on any obligation or security guaranteed by the Fund, including any dividend or interest thereon, by whomsoever held:
  - (a) Which discriminates against such obligation or security solely because it is guaranteed by the Fund; or
  - (b) If the sole jurisdictional basis for such taxation is the location of any office or place of business maintained by the Fund.

### Article \*\* Waiver of Immunities, Exemptions and Privileges

The Fund, at its discretion, may waive any of the privileges, immunities and exemptions conferred under this Chapter in any case or instance, in such manner and upon such conditions as it may determine to be appropriate in the best interests of the Fund, taking into account that privileges and immunities are accorded to Board members, alternates, their advisers, officers and employees of the Fund, including experts performing missions for the Fund, not for their personal benefit, but in the interest of the effective functioning of the Fund. Consequently, the Fund not only has the right but is under a duty to waive the immunity of Board members, alternates, their advisers, officers and employees of the Fund, including experts performing missions for the Fund, in any case where, in the opinion of the Fund, as the case may be, the immunity would impede the course of justice, and where it can be waived, without prejudice to the purpose for which the immunity is accorded or to the interests of the Fund, as the case may be.

## HOST COUNTRY MATTERS

### DECISION B.01-13/04: Draft Headquarters Agreement

The Board, having reviewed the Draft Headquarters Agreement,

- (a) Took note of the Draft Headquarters Agreement between the Republic of Korea and the Green Climate Fund;
- (b) Requested the Interim Secretariat, under the guidance of the Co-Chairs, to finalize the Draft Headquarters Agreement between the Republic of Korea and the Green Climate Fund in consultation with the Government of the Republic of Korea;
- (c) Authorized its Co-Chairs to sign, on behalf of the Fund, the Headquarters Agreement between the Republic of Korea and the Green Climate Fund;
- (d) Further authorized the Executive Director, once appointed, to sign, after consultation with the Co-Chairs, on behalf of the Fund, supplementary agreements with the relevant authorities of the Republic of Korea as identified in the Headquarters Agreement between the Republic of Korea and the Green Climate Fund;
- (e) Authorized the Co-Chairs to sign, on behalf of the Fund, supplementary agreements with the relevant authorities of the Republic of Korea as identified in the Headquarters Agreement between the Republic of Korea and the Green Climate Fund.

### **DECISION B.02-12/04: Selection of the Host Country of the Fund**

The Board:

- (a) Decided by consensus to select Songdo, Incheon City, Republic of Korea, as the host city of the Fund;
- (b) Agreed to present this decision for endorsement to the Conference of the Parties (COP) of the United Nations Framework Convention on Climate Change (UNFCCC) at its eighteenth session.

### **DECISION B.01-12/03: Evaluation of Host Country Offers**

The Board decided to adopt the evaluation criteria and selection process as presented in Annex II to this document. The Board decided to establish the Host Country Evaluation Committee with following members:

Mr. Dipak Dasgupta (India), Mr. Omar El-Arini (Egypt), Ms. Ana Fornells de Frutos (Spain), H.E. Ms. Audrey Joy Grant (Belize), Mr. Gilbert Metcalf (United States of America), Mr. Tomáš Zídek (Czech Republic).

(Note: Annex II to decision B.01-12/03 can be found at the following link:

[https://www.greenclimate.fund/documents/20182/24925/GCF\\_B.01-12\\_10\\_-\\_Report\\_of\\_the\\_First\\_Meeting\\_of\\_the\\_Board\\_23-25\\_August\\_2012.pdf/77764c59-d20c-4124-8785-d6ef56a5a8f3](https://www.greenclimate.fund/documents/20182/24925/GCF_B.01-12_10_-_Report_of_the_First_Meeting_of_the_Board_23-25_August_2012.pdf/77764c59-d20c-4124-8785-d6ef56a5a8f3) )

## **LOGO**

### **DECISION-B.BM-2014/04: Acceptance of recommendation of the Logo Selection Panel**

The Board, having reviewed document B.BM-2014/04 Green Climate Fund Logo – Recommendation of the Logo Selection Panel:

- (a) Decides to accept the recommendation of the Logo Selection Panel and adopt the chosen design as the Fund's logo;
- (b) Notes that the use of the logo, and the related visual identity of the Fund, should be clear and consistent in order to ensure visibility for the Fund's actions;
- (c) Requests the Secretariat to develop visual identity guidelines for the Fund together with the designer;
- (d) Requests the Secretariat to trademark the logo design in order to protect its authorized usage and safeguard the Fund's visual brand image;
- (e) Requests the Secretariat to announce and implement the new logo and visual identity across all of the Fund's online and offline publications as soon as the visual identity guidelines are in place, and to communicate this appropriately to partners, stakeholders, and media accordingly;
- (f) Thanks the Logo Selection Panel and the designer for their work.

Note: The report of the Logo Selection Panel mentioned in decision B.BM-2014/04 can be found at the following link:

[https://www.greenclimate.fund/documents/20182/24961/B.BM-2014\\_04\\_-\\_Green\\_Climate\\_Fund\\_Logo\\_Recommendation\\_of\\_the\\_Logo\\_Selection\\_Panel.pdf/1fda2bac-6fef-44e8-b8fc-b13c30e39e29](https://www.greenclimate.fund/documents/20182/24961/B.BM-2014_04_-_Green_Climate_Fund_Logo_Recommendation_of_the_Logo_Selection_Panel.pdf/1fda2bac-6fef-44e8-b8fc-b13c30e39e29)

### **DECISION B.06/14: Design of proposed Logo**

The Board, having considered document GCF/B.06/Inf.05 Logo of the Fund:

- (a) Requests the Secretariat to coordinate the re-design of the colour and shape of the proposed logo with the logo designer;
- (b) Requests the Logo Selection Panel to review the revised design and, if agreed, forward it to the Board for approval.

**DECISION B.05/09: Cancellation of Logo competition**

The Board, having reviewed document GCF/B.05/09 Progress Report of the Logo Selection Panel

- (a) Notes that the entries received in the logo competition were not adequate to represent the identity and image of the Fund;
- (b) Decides that the logo competition will be cancelled, as recommended by the Logo Selection Panel;
- (c) Requests the Interim Secretariat, under the overall authority of the Executive Director, to contract a professional designer to design the logo of the Fund;
- (d) Requests the Logo Selection Panel to oversee the work on the design of the logo;
- (e) Requests the Interim Secretariat to undertake the work necessary to implement the new logo in all communication products of the Fund, once the selection has been made.

**DECISION B.04/13: Development of a Logo of the Fund**

The Board:

- (a) Took note of the extended deadline for submissions of 28 July 2013;
- (b) Constituted the Selection Panel, whose work will be supported by the Interim Secretariat, comprising:
  - (i) The following four members/alternate members of the Board:  
Ms. Ana Fornells de Frutos, Mr. Hong-Sang Jung, Mr. Adam Kirchknopf, Mr. Farrukh I. Khan;
  - (ii) [...] as the representative of civil society\*\*
  - (iii) Mr. Miles Austin (CMIA) as the representative of the private sector;
  - (iv) A well-known graphic designer with substantial experience in designing logos; and
  - (v) The Director of the Interim Secretariat.
- (c) Requested the Interim Secretariat, under the guidance of the Co-Chairs, to identify a well-known graphic designer referred to in paragraph (b) (iv) above, and to invite him/her to become a member of the Panel on a pro-bono basis;
- (d) Authorized the Selection Panel to establish a set of criteria to evaluate the entries and take a decision based on these pre-determined criteria and to hold meetings, arranged with the assistance of the Interim Secretariat, as necessary for the conduct of its work;
- (e) Requested the Interim Secretariat, in accordance with the terms and conditions of the competition, to present a shortlisted set of 100 entries to the Selection Panel;
- (f) Requested the Selection Panel to assess the entries, and make a recommendation on the successful logo to the Board at its September 2013 meeting.

**DECISION B.01-13/12: Competition for design of logo of the GCF**

The Board, having reviewed document GCF/B.01-13/09/Rev.01 Logo of the Green Climate Fund,

- (a) Requested the Interim Secretariat to launch an international competition inviting art and design schools and universities worldwide, and the broader public through the Fund's website, to submit a proposal for a logo of the Fund that depicts its ideals and character. In order to attract youth participation, an age limit of 25 years will apply;

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\* To be nominated by the civil society active observers.

- (b) Agreed that the purpose of launching this competition will be to raise awareness:
- (i) Of the Green Climate Fund;
  - (ii) Of challenges and threats posed by climate change, in particular among the young generation;
- (c) Agreed that the logo of the Fund should:
- (i) Reflect the resolve of the international community to address and overcome climate change;
  - (ii) Reflect the inclusive and distinct institutional character of the Fund which involves States, private sector and civil society, working together to address the challenge of climate change;
  - (iii) Be in line with the objectives of the Fund to achieve a new paradigm through low-emission and climate-resilient development pathways;
- (d) Requested the Interim Secretariat to develop a set of rules for the competition;
- (e) Requested the Co-Chairs to address a letter, containing an entry form, rules of the competition, and information regarding the work of the Fund, to the heads of such schools and universities, requesting them to inform and invite interested individuals to design the logo of the Fund. Such letters will also be addressed to the ministers of environment and/or climate change to ensure the widest possible circulation of the invitation. The same information will be posted on the Fund's website;
- (f) Decided that:
- (i) Entries for the logo of the Fund should be received by the Interim Secretariat no later than 30 June 2013;
  - (ii) The Board, at its June 2013 meeting, will constitute a Selection Panel, supported by the Interim Secretariat, comprising:
    - Three members/alternate members from the developed countries and three members/alternate members from the developing countries;
    - A representative of civil society;
    - A representative of the private sector;
    - A well-known graphic designer, by invitation and on a pro-bono basis, with substantial experience in designing logos; and
    - The Director of the Interim Secretariat.
  - (iii) The Interim Secretariat, in accordance with the rules of the competition, will present a shortlisted set of 100 entries to the Selection Panel for it to assess and make a recommendation to the Board at its September 2013 meeting;
- (g) Decided that the set of rules will also be used by the selection panel to evaluate submissions and make a decision based on pre-selected criteria. The winner will be announced during the September 2013 Board meeting;
- (h) Agreed that the cost of travel and up to two days of accommodation for the individual/group (maximum two persons) or its representative whose logo proposal is selected by the Board to attend a presentation will be borne from the administrative budget of the Fund;
- (i) Agreed that the approved logo of the Fund and the name of the individual/group who designed it will be displayed at the headquarters of the Fund.

## CHAPTER VIII. MOBILIZATION OF RESOURCES

### REPLENISHMENT OF THE GCF

#### **\*DECISION B.24/02: Consideration of the outcomes of the first formal replenishment process and approval of an updated Policy for Contributions**

The Board, having considered document GCF/B.24/11 titled “GCF First Replenishment (GCF-1): Replenishment Summary Report”:

- (a) Welcomes the successful conclusion of the first formal replenishment process of the GCF, as mandated by Board decision B.21/18;
- (b) Expresses its appreciation to the group of Board members and alternate members who represented the Board and the GCF and actively engaged in the replenishment process;
- (c) Welcomes the pledges made by 28 contributors totalling USD 9.66 billion (SDR 6.97 billion) equivalent (as of 14 November 2019), and the credit earned due to early payment encashment, which brings the outcome of the pledging session to USD 9.78 billion (SDR 7.05 billion) equivalent;
- (d) Encourages further pledges and/or contributions during the replenishment period, in accordance with decision B.21/18;
- (e) Also encourages contributing countries to confirm their pledges to the GCF in the form of fully executed contribution agreements/arrangements as soon as possible;
- (f) Approves the updated Policy for Contributions, as contained in annex I of this document;
- (g) Agrees that it will consider the recommendations in the “Replenishment Summary Report” (document GCF/B.24/11) during its development of the updated Strategic Plan and other items on its workplan; and
- (h) Requests the Secretariat, in light of paragraph (g) above, to reflect these recommendations in its preparation of relevant documentation for Board consideration.

(Note: Document GCF/B.24/11 mentioned in Decision B.24/02 could be found at the following link: [https://www.greenclimate.fund/documents/20182/1908411/GCF\\_B.24\\_11\\_-\\_GCF\\_First\\_Replenishment\\_GCF-1\\_Replenishment\\_Summary\\_Report.pdf/21f21aa2-a854-c2cf-9a88-962310942660](https://www.greenclimate.fund/documents/20182/1908411/GCF_B.24_11_-_GCF_First_Replenishment_GCF-1_Replenishment_Summary_Report.pdf/21f21aa2-a854-c2cf-9a88-962310942660) )

#### Annex I: Policy for contributions to the Green Climate Fund for the first replenishment<sup>1</sup>

##### **I. Resource mobilization approach for the first replenishment**

1. This Policy for Contributions will apply to the first replenishment period (“GCF-1”) of the Green Climate Fund (the “GCF” or the “Fund”) with a view to continuing to apply to future replenishments.
2. Without prejudice to the foregoing, the first replenishment process will be subject to the following:
  - (a) **Pledging process and end-date for replenishment pledging:** Contributors will be invited to pledge contributions at a formal first replenishment pledging conference (24 – 25 October 2019). Based on Board decision B.05/04, the GCF will nevertheless maintain flexibility to receive additional contributions from both existing and new contributors on an ongoing basis;
  - (b) **Minimum contribution:** There will be no minimum contribution threshold for Parties to the United Nations Framework Convention on Climate Change (the “Convention”) and Non-Parties to the Convention (e.g. other sovereign entities, regional governments, states and cities) to participate in the replenishment consultation process and to make pledges and contributions. This matter will be re-visited during the consultation processes instituted for future replenishments;
  - (c) **Replenishment period:** The GCF’s replenishment process will secure financing for the 4-year-period beginning on 1 January 2020 and ending on 31 December 2023<sup>2</sup>;

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<sup>1</sup> This Policy for Contributions may be further revised following the discussions to take place at the second consultation meeting in Ottawa, Canada and the Secretariat wide review prior to its submission to the Board at B.24.

<sup>2</sup> Decision B.23/07

- (d) **Effectiveness:** The GCF's commitment authority for the first replenishment period will become effective when 25 per cent of the total amount<sup>3</sup> pledged at the pledging conference is confirmed by fully executed contribution agreements/ arrangements<sup>4</sup>.
- (e) **Trigger for the subsequent replenishment process:** The GCF will initiate the next replenishment 30 months after the commencement of the replenishment period in order to allow sufficient time for the preparation and consideration of such reports and/or evaluations as may be necessary.
- (f) **Carry-over of funds:**
- Resources carried over from the initial resource mobilization (IRM) period/one replenishment period to the following replenishment period will consist of the following:
- (i) Amounts contributed in cash or promissory notes not committed by the end of the IRM/relevant replenishment period;
  - (ii) Any investment income, reflows and other funds from financial instruments not committed by the end of the IRM/relevant replenishment period; and
  - (iii) Unpaid cash or promissory notes per fully executed contribution agreements/arrangements.
- In addition, unconfirmed pledges from the IRM period will be recorded for the IRM period. As they are confirmed by fully executed contribution agreements/arrangements and paid and/or deposited, they will be recognized as part of the commitment authority. GCF-1 contributors expect that all pledges are implemented by fully executed contribution agreements/arrangements, paid and deposited.

### II. Sources of funds

3. The Governing Instrument for the Green Climate Fund (the "Governing Instrument") states that "the Fund will receive financial inputs from developed country Parties to the United Nations Framework Convention on Climate Change", and "may also receive financial inputs from other sources, public and private, including alternative sources".<sup>5</sup>

4. The GCF, therefore, may also receive contributions from the following sources:

- (a) Non-Parties to the Convention;
- (b) Public and private entities; and
- (c) Philanthropic foundations, among others.

5. Contributions from Parties to the Convention and Non-Parties to the Convention, such as other sovereign entities, regional governments, states and cities, will be accepted on the basis of pledges received by the GCF in accordance with this Policy for Contributions.

6. Contributions from public and private entities, philanthropic foundations and alternative sources, may be accepted on the basis of pledges received by the GCF in accordance with the relevant policies approved by the Board<sup>6</sup>.

7. Additionally, sources of funds may include, but are not limited to:

- (a) Investment income earned on the balance of the Green Climate Fund Trust Fund (the "Trust Fund");<sup>7</sup> and
- (b) Reflows from outgoing loans and other financial products, including interest and principal repayments, net of repayments to loan contributors.

### III. Types of contributions

8. In accordance with decision B.05/04, paragraph (d), the GCF will receive the following types of contributions:

- (a) Grants from public and private sources;
- (b) Paid-in capital<sup>8</sup> contributions from public sources; and
- (c) Concessional loans from public sources.

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<sup>3</sup> Based on the reference exchange rate agreed for the pledging conference

<sup>4</sup> "Fully executed contribution agreement/arrangement" refers to unqualified and unconditioned contribution agreement/arrangement with fixed payment or deposit schedule and signed by all parties.

<sup>5</sup> Governing Instrument, paragraphs 29 and 30.

<sup>6</sup> The policies for contributions from public and private entities, philanthropic foundations and other alternative sources should be submitted by the Secretariat to the Board for its consideration and further decision by the Board as part of its work plan in 2020.

<sup>7</sup> This includes investment income earned on balances transferred by the Fund to implementing entities and intermediaries (if applicable).

<sup>8</sup> The term "paid-in capital" used in previous Board decisions and GCF documentation does not denote capital (or equity of the GCF) that may be used as collateral or otherwise to leverage borrowing by the GCF (e.g. as in the case of a financial institution or multilateral development bank) but rather refers to "capital" as defined in Table 1.

**Table 1: Contribution types and uses**

Contribution Type	Definition	Illustrative Uses by the Fund
<b>Grant</b>	<ul style="list-style-type: none"> <li>• Funds provided in cash or by promissory note</li> <li>• No repayment obligation</li> <li>• Cash and promissory notes are assets of the GCF</li> </ul>	<ul style="list-style-type: none"> <li>• Any financial instruments approved by the Board, (e.g. grants, concessional loans, equity, guarantees)</li> <li>• Administrative budgets, Accredited Entities (AE) fees (i.e. fees that AE may be entitled to receive for project implementation or other services to be performed by AE)</li> </ul>
<b>Loan</b>	<ul style="list-style-type: none"> <li>• Funds provided in cash</li> <li>• Obligation of the Fund to repay the contributor, with or without interest</li> <li>• Cash drawdowns are assets of the GCF, creating a corresponding liability of the GCF</li> </ul>	<ul style="list-style-type: none"> <li>• Loans on terms less concessional than the loan contributions</li> </ul>
<b>Capital<sup>9</sup></b>	<ul style="list-style-type: none"> <li>• Funds provided in cash or by promissory note</li> <li>• Capital contributor may receive a potential return of its contribution, in whole or in part of pro-rata share upon wind-up of the Fund, depending on the availability of such funds at the time</li> <li>• Capital contributions are assets of the GCF, creating a corresponding liability of the Fund</li> </ul>	<ul style="list-style-type: none"> <li>• Financial instruments which generate reflows regardless of the concessional level (e.g. concessional loans, guarantees generating fee income). Thus, capital contributions may not be used to finance grants unless the specific terms of the capital contribution so allow.</li> </ul>

9. **Tracking of contribution types and their uses:** Tracking of different types of incoming contributions and their uses by the GCF in accordance with its relevant contribution policies will be performed by the Secretariat under the Financial Risk Management Framework (FRMF) to avoid cross-subsidisation between grant and loan contributors. Additional guidance will be drawn from the Risk Management Framework (RMF) and internal guidelines, as appropriate. The FRMF is planned for review in 2020, taking into account the RMF and any other GCF policies.

10. **Tracking of capital contributions:** Capital contributions would be tracked and reported to the relevant contributors and to the Board, as needed.

11. **Tracking of loan contributions:** As part of the implementation of the FRMF<sup>10</sup> by the Secretariat, a system for tracking loan contributions reflects that:

- (a) Loan contributions will be tracked separately from grants and capital contributions; and
- (b) All loan contributions will be co-mingled, and grant amounts in respect of the cushion provided by the loan contributors will be used/shared on a pro-rata basis among all loan contributors.

**IV. Conditions applicable to all types of contributions**

12. **Legal arrangements for contributions:** Contributions to the GCF would be facilitated through contribution agreements/ arrangements signed by the contributors, the GCF and the Trustee (as the entity holding the contributed funds in trust), which is the existing mechanism for receiving contributions to the Trust Fund.

13. **Size of contributions:** The GCF may accept pledges and contributions of any size from Parties to the Convention and Non-Parties to the Convention.<sup>11</sup> There will be no maximum limit applicable on the contributions that the GCF may receive, provided, however, that contributions are made within the limits set out for capital (paragraph 22), and loan contributions (paragraphs 30 and 32(a)).

14. **Currency:** It is recommended that all contributions be made in major freely convertible currencies. In accordance with prior Board decisions, including the FRMF and RMF, the Secretariat will consider taking appropriate measures to manage currency risk related to the receipt, use and any repayment obligations related to contributions to the GCF. Further details on the management of foreign exchange risk are provided in paragraph 41 below.

<sup>9</sup> As referred to as “paid-in capital” in previous Board decisions and GCF documentation.

<sup>10</sup> Or any subsequent updates or revisions to the FRMF.

<sup>11</sup> Conditions, including minimum size, related to contributions from Non-Parties and other sources contemplated in the Governing Instrument, will be considered by the Board for decisions independently.

15. **Requirement to provide grants:** All contributors would be required to provide a grant contribution. Contributions in the form of loans or capital will be accompanied by a minimum grant contribution to the GCF in respect of the administrative costs and expenses of the GCF (collectively referred to as “administrative budget”),<sup>12</sup> and AE fees associated with the implementation and use of the loan or capital contribution, since they may not be used for such non-reimbursable uses. Further details on providing grants are provided in paragraphs 17 and 25 below. The grant contribution required in respect of administrative budgets would be counted as part of the contributor’s overall contribution to the GCF.

16. **Timing:** The GCF will accept contribution payments pursuant to the contribution agreements/arrangements. Although there will be no fixed instalment schedule during the replenishment period, contributors are strongly encouraged to fulfil their payments and deposits, as early as possible, and at least one year prior to the end of the respective replenishment period, to build up sufficient funding levels available for predictable funding decisions/commitments and programming by the Board.

### V. Conditions for grant and capital<sup>13</sup> contributions

17. **Grants:** A contribution made in the form of a grant may be used for any financial instruments (e.g. grants, concessional loans, equity, guarantees), administrative budgets, and AE fees.

18. **Maximizing the grant element:** In consideration of the requirements of the FRMF<sup>14</sup> and the limitations on the GCF’s use of capital contributions, further described in paragraph 19 below, grant contributions must significantly exceed the amounts contributed in the form of loans and capital.

19. **Capital:** A contribution made in the form of capital may be used for financial instruments which generate reflows regardless of the concessional level (e.g. concessional loans, guarantees generating fee income). Capital contributions may not be used to finance grants<sup>15</sup> or administrative budget, unless the specific terms of the capital contributions allow for such use.

20. Both capital and grant contributors may receive the return of their pro-rata share of the Trust Fund balance in the event the GCF were to wind up operations. The distinction between grant and capital contributions is that the pro-rata share of the remaining funds at the time of the termination of the GCF that would be attributable to the grant contributors would be reduced by the amount of outgoing grants made by the GCF (including administrative budgets and AE fees). The pro-rata shares of the capital contributors would not be subject to such reduction.

21. Capital contributors would be required to make a grant contribution to cover administrative budgets and AE fees, unless the specific terms of the capital contributions allow for financing of grants or administrative budgets. The amount of the additional grant contribution required should be at least 10 per cent of the amount of the pledged capital contribution. The amount may be adjusted based on an analysis of actual administrative budgets approved during the replenishment period, AE fees, and any other factors.<sup>16</sup>

22. It is recommended that aggregate capital contributions do not exceed 20 per cent of the total aggregated amount of pledges for the replenishment period, calculated using the reference exchange rate for the first replenishment period<sup>17</sup>. This may be reviewed within the context of the FRMF and upon further development of the risk appetite of the GCF.

23. In case there is a risk of breaching this limit due to foreign exchange impact or the newly pledged contribution amounts, the Board may review the situation to either allow the limit to be exceeded or to request that the situation be rectified in order to maintain the limit of 20 per cent.

24. Also, during the pledging session, individual contributors would be encouraged to limit the individual capital component of their total contribution amount. If the total amount of capital contributions is greater than the aggregate capital limit, the Board may review the situation to either allow the limit to be exceeded or to request that the situation be rectified in order to maintain the limit of 20 per cent.

### 25. Payment of grant and capital contributions:

(a) **Method of payment:** Payments may be made in cash or, at the option of the contributor, and with the agreement of the GCF and the Trustee, by depositing, in a designated custody account, non-negotiable, non-interest-bearing promissory notes, to be drawn down in cash on demand;

(b) **Encashment of Promissory Notes:** For those contributors who elect to make contributions in the form of promissory notes, the encashment of promissory notes will be based on an encashment schedule agreed

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<sup>12</sup> Including Interim Trustee and other functions.

<sup>13</sup> Also referred to as “paid-in capital” in GCF documents.

<sup>14</sup> Pursuant to paragraph 2(a) of the Fund’s initial financial risk framework adopted by decision B.07/05 of the Board, “[t]he Fund will in aggregate seek to maximize grant contributions, taking into account its theme-based allocation. It is foreseen that grant contributions must significantly exceed loan amounts.”

<sup>15</sup> Capital contributions may also not be used for administrative budgets or AE fees.

<sup>16</sup> The figure of 10 per cent is an estimate of total costs and fees and in no way presupposes a Board decision on AE or other fees or costs of the GCF.

<sup>17</sup> It was agreed by the participants at the first consultation meeting held in Oslo, Norway during 4 to 5 April 2019 to adopt the six-month period from 1 February to 31 July 2019 as the time period for the calculation of the reference exchange rates;

between the contributor and the GCF, taking into account the expected programming of the GCF and resulting cash requirements. To the extent possible, the encashment schedule will be agreed among the parties allowing encashment on specific dates. While the encashment will be based on need, the period within which the encashment take place shall not exceed nine years starting from the beginning of the relevant replenishment period. This can be reviewed again during the subsequent replenishment process; and

- (c) **Encashment schedule:** For the purposes of encashment, the following indicative schedule may apply:

**Table 2: Indicative encashment schedule for the first replenishment period**

Calendar Year	Percent of Contribution
2020	6.7%
2021	11.7%
2022	15.6%
2023	12.3%
2024	11.9%
2025	11.9%
2026	11.3%
2027	10.4%
2028	8.2%
<b>Total</b>	<b>100.0%</b>

26. For those contributors that choose to accelerate their cash payment or encashment schedule compared to the original or standard schedule, a credit will be provided which will be added to the nominal pledge amount. This credit will be calculated as the difference between the present value of the standard encashment schedule and the contributor's encashment schedule. The discount rate for calculating the present value will be based on the estimated investment return on the GCF's liquidity over the term of the encashment schedule. For the purposes of the first replenishment period, the discount rate would be 1.5 per cent. The encashment schedule will in no way prejudice the operation of the GCF in terms of programmatic decisions and disbursement profile. The encashment schedule may be reviewed in the future replenishment processes based on the approved projects' projected disbursement needs.

27. The Secretariat may also agree with the relevant contributor to encash promissory notes on a basis other than that of the indicative encashment schedule as long as the revised encashment schedule is no less favourable to the GCF than the indicative encashment schedule, in present value terms. Any credits gained from this revision may be reported.

**VI. Conditions for loan contributions**

28. To ensure the financial sustainability of the GCF, transparency and equal treatment of contributors, there will be no cross-subsidization between providers of grants and providers of loans.<sup>18</sup>

29. Loan contributions will be used to finance loans on terms less concessional than the loan contributions and will be unavailable for non-reimbursable uses, such as to provide grants, to finance the administrative budgets, and AE fees. Therefore, loan contributors would be required to provide a grant contribution to cover administrative budgets and AE fees. The amount of the additional grant contribution required should be at least 10 per cent of the amount of the pledged loan contribution. The amount may be adjusted based on analysis of actual administrative budget approved during the replenishment period, AE fees, and any other factors.<sup>19</sup>

30. For the first replenishment period, the GCF will continue to set the prudential debt limit (defined below) at 20 per cent, calculated using the foreign exchange rate at the end of the previous quarter or other latest foreign exchange rates as agreed. In case there is a risk of breaching the prudential debt limit due to foreign exchange impact or a newly pledged contribution amount, the Board may review the situation to either allow the limit to increase or request that the situation be rectified in order to maintain the limit of 20 per cent.

31. For the purposes of this Policy for Contributions, the prudential debt limit shall be defined as the total amount of pledges and/or contributions confirmed by fully executed contribution agreements/arrangements during the replenishment period in the form of loans as a percentage of the aggregate total amount of pledges and/or finalized contributions confirmed by fully executed contribution agreements/arrangements at any point during the relevant replenishment period.

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<sup>18</sup> Decision B.07/05, Annex XI, paragraph 2(c).

<sup>19</sup> The figure of 10 per cent is an estimate of total costs and fees and in no way presupposes a Board decision on AE or other fees or costs of the GCF.

32. The prudential debt limit will be reviewed in the subsequent replenishment process(es) within the context of the FRMF or other relevant policies upon further development of the risk appetite of the GCF:
- (a) **Implementation of the prudential debt limit:** The limit will be managed on an aggregate basis. During the pledging session, individual contributors would be encouraged to limit the individual loan component of their total contribution amount. The loan contribution of individual contributor should be no higher than 40 per cent of their total contribution, unless the grant contribution from that individual contributor exceeds the grant contribution provided to the previous resource mobilization period. If the total amount of loan contributions is greater than the prudential debt limit, the Board may review the situation to either allow the limit to be exceeded or to request that the situation be rectified in order to maintain the limit of 20 per cent.
  - (b) A review of the implementation of the prudential debt limit will be undertaken by the Secretariat based on actual loan, grant and capital contributions paid.
  - (c) **Reporting of the grant equivalence of a loan contribution:** Funding received and extended by the GCF will be accounted for in grant-equivalent terms based on a standard methodology, to be developed by the GCF based on best international practices, to provide an accurate comparison of funding amounts between financial instruments.<sup>20</sup> To calculate grant equivalency of loan contributions, a discount rate of 2.70 per cent for loan contribution with 40 year maturity and 2.35 per cent for loan contribution with 25 year maturity will be utilized for the first replenishment period. Indicative calculations using 2.70 and 2.35 per cent discount rate are presented in Appendix II attached to this Policy for Contributions. The full-face value amount of the loan contribution shall be used for the purpose of calculating the commitment authority for GCF (see section VII), and the prudential debt limit;
  - (d) **Loan drawdowns:** The proceeds of the loan contributions, payable in cash, will be held in the Trust Fund. Loan contributions will be drawn down on a schedule agreed by the GCF and contributor;
  - (e) **Provisions for non-performing loans:** Losses from non-performing loans will be borne on a pro-rata basis by contributors whose contributions were allocated to loans. Should any loan extended by an AE for a project or programme it implements be overdue, the Trust Fund may not have sufficient cash to fulfil payment obligations to the loan contributors. Based on the Board decisions on the FRMF,<sup>21</sup> to further avoid cross-subsidization between providers of grants and providers of loans:
    - (i) The Secretariat will track loan performance and resource flows; and
    - (ii) Any financial losses will be borne on a pro-rata basis by contributors whose loan, grant or capital contributions were used by the GCF to extend loans, in line with the principle of no cross-subsidization between loans, grants and capital contributions;
  - (f) The provisions for non-performing loans with respect to the loan contributors are as follows:
    - (i) **Cash-flow monitoring and modelling by the Secretariat:** As noted above, the role of the FRMF and the Secretariat will be crucial to the management of contributions, and particularly the tracking of loan contribution cash flows; and
    - (ii) **Cushion and write-down of loans:** In addition to the grant contribution amount required to cover administrative budgets and AE fees (described in paragraph 29 above), loan contributors will also provide an additional grant contribution in respect of the cushion for non-performing loans. In accordance with the prudential debt limit considerations and principle of no cross-subsidization, a portion of the total grant contributions provided by loan contributors would be in respect of a cushion for non-performing loans, to be held as part of the assets of the Trust Fund, and available for use to make payments to loan contributors in the event reflows from outgoing loans are not sufficient to cover repayments due to contributors.<sup>22</sup> The amount of the cushion can be refined as sufficient data on the actual performance of the GCF's portfolio is collected. Refinements will be based on a realistic (quantitative) assessment of the risks the GCF has taken and is prepared to take on (the GCF's risk appetite) and an analysis of the GCF's expected cash flows, based on default rates and other assumptions. If, despite all reasonable efforts to maintain the risk profile of the portfolio of the GCF in line with the agreed risk appetite, the cushion proves to be inadequate, the loan contribution agreements will require that the loan contributors make additional grant contributions (and/or write-down against the payment of interest and principal repayment of loan contributions). During the early stages of implementation, it is difficult to determine the level of non-performing loans and any related impact. Accordingly, the GCF will continue to maintain a cushion of 20 per cent of the total loan amount for the loan contributor during the first replenishment. In the event there is an excess amount of cushion, as determined by the Secretariat and the loan contributors, the excess amount may be released and may be used as a grant contribution. Loan cushions will not count toward grant equivalency or individual debt limit

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<sup>20</sup> Decision B.07/06, annex XIV, paragraph 2(b).

<sup>21</sup> Decision B.07/05.

<sup>22</sup> Reflows are expected to be insufficient until such time as interest payments are received on financing extended by the GCF.

calculations. A review of the required level of cushion will be undertaken by the Secretariat in the subsequent replenishment process.

33. **Terms of loan contributions:** The terms of loan contributions will ensure that the average level of concessionality of outgoing loans will be less than the average concessionality level of incoming loan contributions, with a sufficient margin to cover a credit risk.<sup>23</sup> Proposed loan contribution terms are contained in Appendix I to this Policy for Contributions.

### VII. Commitment authority

34. Funding decisions<sup>24</sup> will be made against the total amount of available resources in the form of cash and promissory notes in the Trust Fund, calculated based on the foreign exchange rate at the end of the previous quarter or other latest foreign exchange rates as agreed, at the time of calculation.

35. Based on the tracking by the GCF, as part of the implementation of the FRMF, it is expected that there will always be sufficient commitment authority available in the Trust Fund to meet the GCF's obligations and support the funding decisions. In the unlikely event there is insufficient commitment authority, funds will be committed and transferred in the following order of priority:

- (a) Payment of administrative budgets and AE fees, to be made from resources available in the Trust Fund, except for capital and loan contributions;
- (b) Transfers to AEs for projects and programmes, to be made based on resources available in the Trust Fund and subject to the uses of each types of contributions; and
- (c) Payment of interest and repayment of loans to the loan contributors, to be made from:
  - (i) Reflows received by the GCF from loans extended to AEs; and
  - (ii) The cushion described above, in line with the principle of avoiding cross-subsidization between grants and loans.

### VIII. Liquidity risk management

36. Liquidity risk in relation to contributions represents the possibility of not having sufficient available cash in the Trust Fund to meet payment obligations of the GCF, including cash transfers for projects and programmes and debt service payments to loan contributors. Liquidity concerns would arise, if the GCF's cash position was lower than its scheduled or unscheduled payment obligations at any point in time.

37. In accordance with the Board decision on the GCF's FRMF and RMF, mechanisms are put into place to ensure that liquidity risk in relation to contributions is closely managed and monitored by the GCF.<sup>25</sup> Under the mechanisms to manage this liquidity risk, the GCF will:

- (a) Commit only against available cash and promissory note deposits;
- (b) Closely monitor the risk of non-payment;
- (c) Closely monitor and report to the Board on non-receipt of contributions on schedule; and
- (d) Set aside a financial reserve from the funding available for the minimum liquidity requirements as determined by the GCF's RMF.

### IX. Managing risk of non-payment of contributions

38. Related to liquidity management is the risk that:

- (a) Pledges are not converted into signed agreements/arrangements to provide contributions;
- (b) Instalment payments, deposits and encashments under the signed agreements/arrangements are not paid or deposited on time; and
- (c) The non- encashments of promissory notes, or lack of liquidity, could affect the disbursements to the approved programmes and projects.

39. Non conversion of pledges into signed agreements, non-receipt of the payments in cash or deposit of promissory notes, or non-encashment of promissory notes will affect commitment authority of the GCF.<sup>25F</sup><sup>26</sup>

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<sup>23</sup> Decision B.07/05. The form and process for acceptance of promissory notes will be subject to agreement by the GCF and the Trustee.

<sup>24</sup> Funding decisions include Board decisions on funding proposals, the readiness program, the Project Preparation Facility, accredited entity management fees, any approved set asides, the administrative budget (including for the independent units) and any other financial commitments made by the Board.

<sup>25</sup> Decision B.07/05.

<sup>26</sup> The risk of inability to encash promissory notes is not considered here; it is deemed to be low based on the prevalence of the requirement for budget and legislative authority by the contributor prior to the deposit of promissory notes.

40. Any pledges that are not converted into fully executed agreements/arrangements and non-payment of contributions will be reported regularly to the Board by the GCF as part of its reporting to the Board on the status of the resources. The Secretariat should regularly and actively engage with the relevant contributors to review and seek to address the situation, if any.

### X. Foreign exchange risk management

41. Foreign exchange risk will be managed in the confines of the GCF's RMF.26F<sup>27</sup> In practice, foreign exchange risk as it relates to contributions can involve future expected encashments of promissory notes, cash payments not yet received, promissory notes not yet deposited and unencashed, and reflows needed to repay loan contributions. Foreign exchange risk can be mitigated by matching currencies of loan contributions to the currencies of the GCF's commitments to AEs. Foreign exchange risk will be monitored and considered as part of the development of any approach to mitigate the impact of foreign exchange rate volatility on contributions. Pursuant to the RMF, any hedging strategy would only be developed considering recommendations from the Risk Management Committee with agreement, where appropriate, from the Board.

42. For the purpose of reporting the pledges/contributions, GCF may use multiple currencies, as part of the monitoring of foreign exchange risks.

### Appendix I: Loan contribution terms

1. It is recommended that the terms of loan contributions be standardized for all contributors. Two options for loan terms may be chosen:

- (a) A more concessional option (Option 1); and
- (b) A less concessional option (Option 2).

2. Standardized loan terms applicable during the initial phase of the GCF's operation would facilitate risk and cash flow management by the GCF.

3. These terms will apply for the first replenishment period, and may be reviewed in the future, during the subsequent replenishment processes. They may also need to be reviewed based on the terms chosen by the Board for concessional lending by the GCF, to ensure that such terms (maturity and interest rate) of loan contributions are more concessional than the high concessional loans to the projects from the GCF, which has 0 per cent and 40 years maturity.

- (a) **Loan contribution size:** The maximum size of the loan contribution acceptable to the GCF would depend on the prudential debt limit set out in paragraph 30 of this Policy for Contributions;
- (b) **Maturity:** The maturity of loan contributions will be 40 years for Option 1 and 25 years for Option 2;
- (c) **Grace period:** The grace period of loan contributions will be 10 years for Option 1 and 5 years for Option 2 and will apply to interest and principal repayments;
- (d) **Principal repayments:** Straight-line amortizing repayment schedule after the grace period; payments every six months;
- (e) **Interest rate:** Loan contributions will attract a fixed coupon rate of up to 1 per cent per annum; payments every six months (applicable to Option 1 and Option 2) after the grace period; and
- (f) **Drawdown of loan proceeds:** The GCF will draw down loan funds from contributors as agreed between the GCF and contributor

### Appendix II: Calculation of grant element

#### Indicative grant equivalence of the Fund loan contributions

Grant equivalence under different assumptions with respect to loan terms are presented below (assuming four-year fixed drawdown period):

Maturity	Grace period	Interest rate	Discount rate	Grant equivalence
40	10	1.00% p.a.	2.70% p.a.	34.51%
40	10	0.00% p.a.	2.70% p.a.	44.01%
25	5	1.00% p.a.	2.35% p.a.	16.91%
25	5	0.00% p.a.	2.35% p.a.	24.99%

<sup>27</sup> Decisions B.17/11 and B.19/04

**DECISION B.24/01: Performance Review of the GCF and Management response**

The Board, having considered document GCF/B.24/10 titled "Secretariat management response to the Forward-Looking Performance Review of the GCF" and document GCF/B.23/20 titled "Forward-Looking Performance Review of the GCF":

- (d) Recalls decision B.23/06, paragraphs (b), (c) and (d);
- (e) Takes note of the Secretariat management response to the Forward-Looking Performance Review of the GCF in document GCF/B.24/10; and
- (f) Decides to further consider, inter alia, the performance review and the management response within its deliberations on the Strategic Plan for the GCF 2020–2023 and other future Board agenda items, as appropriate.

(Note: Documents GCF/B.23/20 and GCF/B.23/20 mentioned in Decision B.24/01 could be found at the following links, respectively: [https://www.greenclimate.fund/documents/20182/1908411/GCF\\_B.24\\_10\\_-\\_Secretariat\\_management\\_response\\_to\\_the\\_Forward-Looking\\_Performance\\_Review\\_of\\_the\\_GCF.pdf/8cb3f701-f969-c6ce-c08f-64097db9924e](https://www.greenclimate.fund/documents/20182/1908411/GCF_B.24_10_-_Secretariat_management_response_to_the_Forward-Looking_Performance_Review_of_the_GCF.pdf/8cb3f701-f969-c6ce-c08f-64097db9924e) and [https://www.greenclimate.fund/documents/20182/1674504/GCF\\_B.23\\_20\\_-\\_Forward-Looking\\_Performance\\_Review\\_of\\_the\\_GCF.pdf/525f359f-cd33-81f2-0bf0-ff8e41353ede](https://www.greenclimate.fund/documents/20182/1674504/GCF_B.23_20_-_Forward-Looking_Performance_Review_of_the_GCF.pdf/525f359f-cd33-81f2-0bf0-ff8e41353ede))

**\*DECISION B.23/07: Period of the first replenishment of the GCF**

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.

**DECISION B.BM-2019/07: Appointment of the Global Facilitator for the first formal replenishment process of the GCF**

The Board, having considered document B.BM-2019/07 titled "Appointment of the Global Facilitator for the first formal replenishment process of the GCF":

- (a) Takes note of the outcome of the Initial Organizational Meeting regarding the appointment of a Global Facilitator for the first formal replenishment process of the GCF;
- (b) Also takes note of the consultations by the Co-Chairs in accordance with decision B.21/18, paragraph (o); and
- (c) Instructs the Secretariat to enter into a contract with Mr. Johannes Linn for the position of Global Facilitator for the first formal replenishment process of the GCF

**\*DECISION B.21/18: Arrangements for the first formal replenishment of the GCF**

The Board, having reviewed document GCF/B.21/30/Rev.01 titled "Arrangements for the first formal replenishment of the Green Climate Fund" and document GCF/B.21/Inf.05 titled "Status of the initial resource mobilization process", and taking account of guidance from the Conference of Parties to the United Nations Framework Convention on Climate Change:

- (a) Reaffirms the objectives of the Green Climate Fund to channel new, additional, adequate and predictable financial resources and catalyse climate finance, both public and private, for developing countries, and promote a paradigm shift towards low-emission and climate-resilient development;
- (b) Stresses the importance and urgency of the Green Climate Fund conducting a successful and ambitious first replenishment process to continue advancing its mandate as an operating entity of the financial mechanism under Article 11 of the United Nations Framework Convention on Climate Change;

- (c) Agrees that the first and successive replenishments of the Green Climate Fund should take into account the stated ambitions, actions and contributions of developing countries to reduce their greenhouse gas emissions by meaningful mitigation actions and to adapt to the impacts of climate change, and that the Board will provide the replenishment process with strategic guidance;
- (d) Takes note that cumulative funding approvals have reached USD 5.5 billion, showing the significant scaling up of the Green Climate Fund's capabilities to support low-emission and climate-resilient development in developing countries and the implementation of the United Nations Framework Convention on Climate Change and the Paris Agreement;
- (e) Also takes note that cumulative funding approvals have reached USD 5.5 billion, which triggers the first formal replenishment process;
- (f) Decides to launch the process for the Green Climate Fund's first formal replenishment;
- (g) Further decides that the period of the first replenishment will be decided by the Board in 2019;
- (h) Stresses the urgency to reach pledges for replenishment, aiming to conclude the process in October 2019, recognizing that further pledges may be received during the replenishment period;
- (i) Requests the Secretariat to prepare the following documents for consideration by the Board and the replenishment process:
  - (i) A comprehensive report on the implementation of the Green Climate Fund's initial Strategic Plan over the initial resource mobilization period (2015–2018);
  - (ii) A document outlining areas in the Policies for Contributions, standard provisions, and template contributions agreement that may be updated for the Green Climate Fund's first replenishment period, including the conditions necessary to trigger subsequent replenishments; and
  - (iii) A strategic programming document outlining scenarios for the Green Climate Fund's replenishment guided by ambitious mitigation and adaptation scenarios based on the Green Climate Fund's implementation potential, taking into account the needs of developing countries, including actions based on nationally determined contributions, national adaptation plans, country programmes and other sources;
- (j) Also requests the Co-Chairs to consult with Board members and alternate Board members in relation to the preparation of the documents listed in paragraph (i) above;
- (k) Further requests the group of Board members and alternate Board members, consisting of the Co-Chairs and five representatives of developing countries and three representatives of developed countries, to represent the Board and the Green Climate Fund and actively engage in the replenishment process, including to present the outcomes of the Board's deliberations listed in paragraph (i) and to report back to the Board on a regular basis;
- (l) Requests the Co-Chairs to consult with their respective constituencies for the nominations to the group identified in paragraph (k) above;
- (m) Takes note of paragraph (e) of decision B.21/17 that the outcome of the performance review and the Board's consideration of the performance review will be shared with the replenishment process;
- (n) Endorses the process for the first replenishment process set out in annex XVII;
- (o) Requests the Co-Chairs of the Board to consult Board members and alternate Board members regarding proposals to appoint a global facilitator to oversee the replenishment process;

- (p) Also requests the Secretariat to begin making arrangements to facilitate the replenishment process;
- (q) Approves a budget of USD 1,296,500 to conduct the formal replenishment process, as detailed in annex XVIII to this decision, and requests the Budget Committee to review the budgetary allocation;
- (r) Requests the Trustee to provide support to the Secretariat, as part of its function to administer the GCF Trust Fund, on issues related to:
  - (i) Updating the standard provisions and template contributions agreement; and
  - (ii) Other relevant financial management issues as agreed between the Executive Director of the Green Climate Fund Secretariat and the Trustee;
- (s) Authorizes the Executive Director ad interim to confirm with the Trustee the scope of trustee support, as referred to in paragraph (r);
- (t) Reiterates the Board's intention to review the Strategic Plan of the Green Climate Fund as part of the first replenishment process, with a view to revising the strategic vision, if and as needed, and to update the core operational priorities and underlying action plan; and
- (u) Invites members of the Board to send inputs on the update of the Strategic Plan to the Secretariat by 30 November 2018 in order for the Secretariat to produce a synthesis of issues for consideration by the Board at its twenty-second meeting.

### Annex XVII: Process for the first formal replenishment of the Green Climate Fund

- (a) The engagement of potential contributors will take place in the form of an organizational meeting, two or more replenishment consultation meetings and a high-level pledging conference (the "replenishment meetings"), as well as virtual communication between meetings as necessary;
- (b) Organizational arrangements for the replenishment meetings should commence as soon as possible with a view to the process being finalized through a high-level pledging conference;
- (c) The Co-Chairs will issue an open invitation to all potential contributors, as outlined in paragraph 29 of the Governing Instrument, to the Fund's first replenishment process at a date to be determined following consultations with Board and alternate Board members;
- (d) The replenishment meetings will be open to potential contributors;
- (e) Two active observers of the Board (one civil society/ one private sector), as well as the Executive Director or Executive director ad interim shall observe the process;
- (f) A representative from the UNFCCC will be invited to observe the consultation meetings. Additional observers may be invited by meeting participants in line with the meetings' rules of conduct;
- (g) The replenishment meetings may be organized in the form of technical sessions, open to potential contributors and observers, as well as executive sessions, which will be open only to potential contributors and the Board representatives specified above participating as observers, with support from the Secretariat. Representatives of the Trustee will be invited to attend sessions of such meetings in order to provide relevant support to the Secretariat; and
- (h) The rules of conduct of the replenishment meetings will be developed at the first meeting.

### **Replenishment Inputs and outcomes**

- (a) The Secretariat, with the support of the Trustee, as relevant, will prepare any inputs required to inform the replenishment meetings, including inter alia:
  - (i) A document summarizing decisions taken by the Board that are necessary to guide decisions relevant to the first formal replenishment;
  - (ii) Any documents requested by the Board to help inform the replenishment process, including those identified in decision B.21/17; and
  - (iii) Information on the financial position of the GCF;
- (b) Progress in the replenishment consultation meetings will be reported to the Board, and the Board will be requested to consider and endorse the outcomes of the process; and

## Chapter VIII: Mobilization of Resources

- (c) The disclosure of information and documents regarding the first replenishment process will be governed by the GCF Information Disclosure Policy.

### Indicative timeline

The key stages, with indicative date ranges, for the GCF proposed first formal replenishment process are as follows:

- (a) **Initial organizational meeting** – *November 2018*: An organizational meeting could be held to consider planning matters for the replenishment meetings.
- (b) **Twenty-second to twenty-third/fourth meetings of the Board and Consultation Meetings** – *Period of 6-12 months from decision to initiate replenishment*:
- (i) The twenty-second meeting of the Board (Q1 2019) may consider any additional matters relating to the replenishment process and review relevant documents commissioned by the Board to inform the replenishment process;
  - (ii) An initial report identifying emerging areas of recommendations (March 2019), and then a final report reviewing the performance of the Green Climate Fund (June 2019) could be presented for consideration;
  - (iii) Two or more replenishment consultations could be held (Q1-Q3 2019) to consider matters relating to the Fund's performance, potential impact, programming, financial position and contributions;
  - (iv) The twenty-third and/or twenty-fourth meeting of the Board (Q3 2019) would be informed of developments in replenishment consultations and consider any matters requiring Board endorsement or decision, as well as finalize the update to the GCF Strategic Plan;
- (c) **High-level pledging conference** – *[2019]*: A pledging conference could be held to announce contributions;
- (d) **Finalization of contributions** – *Period of 3-6 months from pledging*: A further 3–6 months would likely be required following pledging to conclude contribution arrangements between contributors and the GCF [Interim] Trustee, reach any effectiveness threshold, and begin receiving funds into the GCF account.

### Annex XVIII: Budget

Budget item	Amount (USD)
<b>Advocacy and outreach</b>	
Travel: regional outreach	221,500
Conferences: regional outreach	120,000
<b>Arrangements for replenishment process</b>	
Replenishment facilitator	75,000
Conferences: 3 consultation meetings	174,000
Travel: 3 replenishment consultation meetings	288,000
Conferences: pledging conference	48,000
Travel: pledging conference	90,000
<b>Technical support</b>	
Replenishment advisers	100,000
Consultancies: review of Policies for Contributions	180,000
	<b>1,296,500</b>

### \*DECISION B.21/17: Performance Review of the GCF

(Note: the text of decision B.21/17 could be found under Independent Evaluation Unit section under Chapter IV, Accountability Unit, see \*DECISION B.21/17: Performance Review of the GCF )

### \*DECISION B.19/05: Policies and procedures for replenishment

The Board, noting the GCF Initial Resource Mobilization period runs from 2015-2018 and its decision<sup>1</sup> to transition subsequently to a formal replenishment process:

- (a) Decides to advance work under its 2018 work programme to conclude the essential preparatory arrangements for the first formal replenishment process of the GCF, noting this is without prejudice to the timing of a decision to initiate replenishment in line with decision B.08/13;
- (b) Requests the Co-Chairs, with the support of the Secretariat, and in consultation with members of the Board, to oversee the preparation of necessary policies and procedures for the formal replenishment process; and
- (c) Reiterates the Board's intention to review the Strategic Plan of the GCF as part of the formal replenishment process.

### **DECISION B.12/09: Consultations on the first formal replenishment of the GCF**

The Board,

- (a) Requests the Co-Chairs to undertake consultations with the Board on the first formal replenishment process of the Green Climate Fund, and present a report on the outcomes of these consultations to the Board no later than its fourteenth meeting;
- (b) Also requests the Co-Chairs to present their initial observations on the first formal replenishment process at the thirteenth meeting of the Board;
- (c) Further requests the Secretariat to support the Co-Chairs to prepare documentation related to the design and development of the first formal replenishment process; and
- (d) Requests the Secretariat to support the Co-Chairs to summarize the outcome of their consultations and to propose a draft decision in a written report to be transmitted to the Board in line with the Rules of Procedure of the Board.

## **RESOURCE MOBILIZATION**

### **DECISION B.20/07: Status of the Initial Resource Mobilization Period**

The Board, having considered document GCF/B.20/Inf.06 titled "Status of the GCF portfolio: approved projects and fulfilment of conditions", document GCF/B.20/Inf.07/Rev.01 titled "Status of the GCF pipeline, including the status of Project Preparation Facility requests" and document GCF/B.20/Inf.05 titled "Status of the initial resource mobilization process":

- (a) Takes note that the GCF cumulative funding approvals as at the twentieth meeting of the Board amount to USD 4.4 billion, and the remaining commitment authority for the initial resource mobilization is currently projected at USD 2.8 billion;
- (b) Recognizes the high demand in the GCF pipeline from developing countries, and that an approach to managing the GCF commitment authority and resources is required to guide developing countries and accredited entities in engaging with GCF;
- (c) Takes note of the information provided, which relates to the effects on the commitment authority related to currency fluctuations to the amount of USD 0.9 billion<sup>2</sup> and the as-yet unfulfilled contribution agreements/arrangements to the amount of USD 0.1 billion<sup>3</sup>;

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<sup>1</sup> Decision B.05/17.

<sup>2</sup> As at 8 May 2018

<sup>3</sup> As at 8 May 2018

- (d) Takes note of the level of the current state of the disbursement of resources to the amount of 274 million for approved projects and urges the Secretariat to continue to make progress to speed up the rate at which projects reach the implementation stage;
- (e) Requests the Secretariat to consider the Board's comments on the need for financial management of the commitment authority in preparing for the twenty-first meeting of the Board, with a view to ensuring resources for the operation of the GCF for the remainder of the initial resource mobilization period in line with paragraph (f) below;
- (f) Also requests the Secretariat to prepare an analysis of options for the financial planning of the GCF commitment authority for the initial resource mobilization with a view to managing the GCF pipeline to balance commitments and diversity among accredited entities and across the initial results areas of the GCF based on confirmed contributions in accordance with decision B.06/06 on resource allocation, and present this to the Board for consideration and adoption at its twenty-first meeting; and
- (g) Confirms that the financial planning exercise should also contain a forward-looking analysis on pipeline management to guide the GCF replenishment process.

### **DECISION B.12/29: Loan agreements/arrangements**

The Board, having reviewed document GCF/B.12/12 titled "Status of the Initial Resource Mobilization process: loan agreement/arrangement",

- (a) Confirms the terms of the Loan Arrangement among the Government of Canada, the Green Climate Fund and the International Bank for Reconstruction and Development, serving as the Interim Trustee of the Green Climate Fund Trust Fund, dated 9 December 2015 as contained in annex IX; and
- (b) Also confirms the terms of the Loan Agreement among Agence Française de Développement, acting on behalf and at the risk of the French Government, the Green Climate Fund and the International Bank for Reconstruction and Development, serving as the Interim Trustee of the Green Climate Fund Trust Fund, dated 9 December 2015 as contained in annex X.

(Note: Annexes IX and X mentioned in decision B.12/29 can be found at the following link:

[https://www.greenclimate.fund/documents/20182/184476/GCF\\_B.12\\_32\\_-\\_Decisions\\_of\\_the\\_Board\\_Twelfth\\_Meeting\\_of\\_the\\_Board\\_8\\_10\\_March\\_2016.pdf/020edfa1-53b2-4abf-af78-fccf5628db2a/](https://www.greenclimate.fund/documents/20182/184476/GCF_B.12_32_-_Decisions_of_the_Board_Twelfth_Meeting_of_the_Board_8_10_March_2016.pdf/020edfa1-53b2-4abf-af78-fccf5628db2a/)

### **DECISION B.12/28: Initial Resources Mobilization Process - Contributions**

The Board, having reviewed document GCF/B.12/14 titled "Status of the Initial Resource Mobilization process",

- (a) Endorses that contributions pledged within, as part of, the Initial Resource Mobilization period, may be paid up to and including 2020; and
- (b) Also endorses (i) the terms specified in paragraph 6.4, and (ii) the payment schedule specified in paragraph 6.3 of the contribution agreement among the Kingdom of Spain, the Green Climate Fund and the International Bank for Reconstruction and Development, serving as the Interim Trustee of the Green Climate Fund Trust Fund, dated 6 January 2016 as contained in annex VIII.

(Note: Annex VIII mentioned in decision B.12/28 can be found at the following link:

[https://www.greenclimate.fund/documents/20182/184476/GCF\\_B.12\\_32\\_-\\_Decisions\\_of\\_the\\_Board\\_Twelfth\\_Meeting\\_of\\_the\\_Board\\_8\\_10\\_March\\_2016.pdf/020edfa1-53b2-4abf-af78-fccf5628db2a/](https://www.greenclimate.fund/documents/20182/184476/GCF_B.12_32_-_Decisions_of_the_Board_Twelfth_Meeting_of_the_Board_8_10_March_2016.pdf/020edfa1-53b2-4abf-af78-fccf5628db2a/)

**DECISION B.11/05: Status of the Initial Resource Mobilization**

The Board, having reviewed document GCF/B.11/Inf.05 titled “Status of the Initial Resource Mobilization process”:

- (a) Takes note of the information presented in document GCF/B.11/Inf.05;
- (b) Urges contributing countries to confirm their pledges to the Green Climate Fund (GCF) in the form of fully executed contribution agreements/arrangements as soon as possible;
- (c) Requests the Secretariat to prepare, for consideration by the Board at its fifteenth meeting, a document for understanding and defining alternative sources of financial inputs to the GCF that would be additional to current contributions, in accordance with decision B.05/04, paragraph (f); and
- (d) Also requests the Secretariat to develop, for consideration by the Board at its fourteenth meeting, policies and procedures for contributions from philanthropic foundations and other non-public and alternative sources to the Initial Resource Mobilization process, in accordance with decision B.08/13, annex XIX, paragraphs 5, 6 and 7, including a due-diligence process for these contributions.

**DECISION B.10/02: Status of the Initial Resource Mobilization Process**

The Board, having reviewed document GCF/B.10/Inf.09 Status of the Initial Resource Mobilization Process:

- (a) Takes note of the information presented in document GCF/B.10/Inf.09 Status of the Initial Resource Mobilization Process;
- (b) Welcomes the progress made by those countries that have converted their pledges to the Green Climate Fund (the Fund) into fully executed contribution agreements/arrangements; and
- (c) Urges other contributing countries to confirm their pledges to the Fund in the form of fully executed contribution agreements/arrangements.

**DECISION B.08/13: Endorsement of policies for contribution to the GCF**

The Board, having considered document GCF/B.08/16 Policies for Contributions to the Green Climate Fund: Recommendations by Interested Contributors:

Endorses the policies for contribution to the Green Climate Fund set out in Annexes XIX, XX, XXI, XXII and XXIII hereto.

(Note: Annexes XIX to XXIII mentioned in Decision B.08/13 could be found at the following link: [https://www.greenclimate.fund/documents/20182/24946/GCF\\_B.08\\_45\\_-\\_Decisions\\_of\\_the\\_Board\\_-\\_Eighth\\_Meeting\\_of\\_the\\_Board\\_14-17\\_October\\_2014.pdf/1dd5389c-5955-4243-90c9-7c63e810c86d](https://www.greenclimate.fund/documents/20182/24946/GCF_B.08_45_-_Decisions_of_the_Board_-_Eighth_Meeting_of_the_Board_14-17_October_2014.pdf/1dd5389c-5955-4243-90c9-7c63e810c86d). These annexes were superseded by Decision B.24/02, please see \*DECISION B.24/02: Consideration of the outcomes of the first formal replenishment process and approval of an updated Policy for *Contributions*)

**DECISION B.07/09: Completion of essential resource handling requirements and commencement of the initial Resource Mobilization Process**

The Board, having reviewed document GCF/B.07/09 Confirmation of the Completion of the Essential Requirements and the Commencement of the Initial Resource Mobilization Process:

- (a) Decides that the eight essential requirements for the Fund to receive, manage, programme and disburse financial resources, as listed in Annex XXII of the decision B.05/17, have been met;
- (b) Takes note that the policies, frameworks and procedures of the Fund are evolving and may need to be further enhanced;

- (c) Decides to commence the process to mobilize resources commensurate with the Fund's ambition to promote 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;
- (d) Requests the Secretariat to make arrangements with all interested contributors, facilitating a collective engagement in the initial resource mobilization process as agreed in decision B.05/17;
- (e) Stresses the urgency to reach pledges by November 2014, while noting that the initial resource mobilization process may need to continue beyond this date;
- (f) Endorses the arrangements for a collective engagement in the initial resource mobilization process, as contained in Annex XVII;
- (g) Decides that the Board will consider the policies for contributions based on recommendations from the first meeting of interested contributors;
- (h) Requests the Interim Trustee to provide support, as part of its function to administer the Green Climate Fund Trust Fund, to the Secretariat on:
  - (i) The preparation of a template for legal arrangements for contributions to the Fund for consideration by the Board;
  - (ii) Other relevant financial management issues as agreed between the Secretariat and Interim Trustee;
- (i) Authorizes the Executive Director to confirm with the Interim Trustee the scope of Interim Trustee support, as referred to in paragraph (h).

### Annex XVII: Arrangements for the collective engagement in the initial resource mobilization process

Arrangements for the collective engagement of all interested contributors in the initial resource mobilization process:

- (a) The collective engagement will take the form of one or more meetings, as well as virtual communication between meetings as necessary;
- (b) The Co-Chairs will issue an open invitation to all potential contributors to the Fund's initial resource mobilization process, including from the private sector and philanthropic organizations, within a week from adoption of this decision;
- (c) The first meeting of the initial resource mobilization process should take place before the end of June 2014. Further meetings may be arranged as necessary. A meeting aiming to finalize the collective engagement in the initial resource mobilization process, will take place no later than the end of November 2014;
- (d) The meetings will be open for participation by contributors, the Board's Co-Chairs, four representatives of the Board (two developed/two developing), two active observers of the Board (one civil society/one private sector), as well as the Executive Director;
- (e) The meetings will be organized in the form of technical sessions, open to contributors and observers, as well as executive sessions, which will be open only to contributors and the Co-Chairs of the Board. Representatives of the Interim Trustee will be invited to attend sessions of such meetings in order to provide relevant support to the Secretariat;
- (f) The rules of conduct of the initial resource mobilization process will be developed at the first meeting;

#### Documentation

- (g) The Secretariat will prepare a programming document that will summarize the decisions taken by the Board that are necessary to guide decisions relevant to the initial resource mobilization process;
- (h) The disclosure of information and documents regarding the initial resource mobilization process will be governed by the Fund's Interim Information Disclosure Practice (decision B.05/15, Annex XX).

### **DECISION B.05/17: Commencement of the Resource Mobilization Process**

The Board:

- (a) Decides that the Fund's resource mobilization process will commence through an initial resource mobilization process as soon as possible and transition subsequently to a formal replenishment process;
- (b) Further decides that the first two meetings of the Board in 2014 will prioritize and focus on working towards completing the essential requirements for the Fund to receive, manage, programme and disburse financial resources;
- (c) Requests the Secretariat to make arrangements with all interested contributors, facilitating a collective engagement in the initial resource mobilization process no later than three months after the essential requirements for the Fund to receive, manage, programme and disburse financial resources, as outlined in Annex XXII to this document, have been met as decided by the Board;
- (d) Further decides that the policies, procedures and documents necessary to trigger the first formal replenishment meeting will be decided upon at the first Board meeting following the completion of the process outlined in paragraph (c) above.

### Annex XXII: Resource mobilization

The Board confirmed that the following requirements are essential for the Fund to receive, manage, programme and disburse financial resources and would like these requirements to be met as soon as possible:

1. An initial Fund structure and Secretariat structure, including administrative policies, best-practice fiduciary principles and standards and environmental and social safeguards;
2. The Fund's financial risk management and investment frameworks;
3. Initial results areas, initial core performance indicators and an initial results management framework of the Fund;
4. Procedures for accrediting national, regional and international implementing entities and intermediaries;
5. Policies and procedures for the initial allocation of Fund resources, including results-based approaches;
6. Initial proposal approval process, including criteria for programme and project funding;
7. Initial modalities for the operation of the Fund's mitigation and adaptation windows and the Private Sector Facility;
8. The terms of reference of the Fund's Independent Evaluation Unit, the Independent Integrity Unit and the independent redress mechanism.

### **\*DECISION B.05/04: Financial Inputs to the Fund**

The Board, having reviewed document GCF/B.05/04 Business Model Framework: Financial Inputs:

- (a) Notes that the Fund will receive financial inputs from developed country Parties to the Convention;
- (b) Further notes that the Fund may also receive financial inputs from a variety of other sources, public and private, including alternative sources;
- (c) Decides that the Fund will maintain the flexibility to receive financial inputs on an on-going basis;
- (d) Decides that the Fund will receive grants from public and private sources, and paid-in capital contributions and concessional loans from public sources, and may receive additional types of inputs at a later stage to be decided by the Board;
- (e) Requests the Secretariat to include the specific risks associated with accepting concessional loans to the Fund, including the risk of cross-subsidization, when developing the Fund's risk management framework and investment strategy;
- (f) Requests the Secretariat to prepare a document for understanding and defining alternative sources of financial inputs to the Fund for consideration by the Board at its second meeting in 2014;

- (g) Requests the Secretariat to initiate discussions with the Interim Trustee to identify appropriate arrangements for receiving financial inputs;
- (h) Notes convergence on the importance of the relationship between the terms and conditions of financial instruments and the types of financial inputs received by the Fund.

### **DECISION B.01-13/09: Resource Mobilization for the GCF**

The Board, having reviewed document GCF/B.01-13/07 Resource mobilization for the Green Climate Fund,

Approved the scope of further work set out in Annex XVIII to this report.

(Note: Annex XVIII mentioned in decision B.01-13/09 can be found at the following link:

[https://www.greenclimate.fund/documents/20182/24931/GCF\\_B.01-13\\_12\\_-\\_Decisions\\_of\\_the\\_Board\\_-\\_Third\\_Meeting\\_of\\_the\\_Board\\_13-15\\_March\\_2013.pdf/05f6e4ae-3c80-455c-90c7-4b5750c234a4](https://www.greenclimate.fund/documents/20182/24931/GCF_B.01-13_12_-_Decisions_of_the_Board_-_Third_Meeting_of_the_Board_13-15_March_2013.pdf/05f6e4ae-3c80-455c-90c7-4b5750c234a4) )

## **TRUSTEE OF THE GCF**

### **\*DECISION B.21/07: Selection and appointment of the Trustee of the GCF**

The Board, having considered document GCF/B.21/Inf.10/Add.01 titled “Reports from committees, panels and groups of the Board of the Green Climate Fund – Addendum I”:

- (a) Takes note of the report on the activities of the ad hoc Trustee Selection Committee as contained in document GCF/B.21/ Inf.10/Add.01;
- (b) Selects and appoints the International Bank for Reconstruction and Development as the Trustee of the Green Climate Fund, subject to paragraph (c) below, and in accordance with the recommendation of the ad hoc Trustee Selection Committee and United Nations Framework Convention on Climate Change decision 9/CP.23, paragraph 16;
- (c) Requests the Secretariat to enter into direct contracting with the International Bank for Reconstruction and Development and to negotiate and finalize the terms and conditions of the legal and administrative arrangements with the International Bank for Reconstruction and Development in respect of its role as Trustee of the Green Climate Fund in accordance with United Nations Framework Convention on Climate Change decision 9/CP.23, paragraph 16, and the terms of reference of the “Permanent Trustee” as set out in decision B.19/03, annex I, and in a manner which ensures there is no discontinuity in trustee services;<sup>1</sup>
- (d) Authorizes the Executive Director to execute on behalf of the Green Climate Fund the legal and administrative arrangements with the International Bank for Reconstruction and Development referred to in paragraph (c) above;
- (e) Requests the Secretariat to provide an update to the Board on the matters referred to in paragraphs (c) and (d) above at the twenty-second meeting of the Board; and
- (f) Decides, in accordance with paragraph 5 of its terms of reference, to terminate the ad hoc Trustee Selection Committee established by decision B.16/05.

### **\*DECISION B.19/03: Selection Process and Terms of reference of the Permanent Trustee**

The Board, having considered document GCF/B.18/19 titled “Report on the Activities of the Ad-hoc Trustee Selection Committee” (limited distribution) and in accordance with decision B.08/22, paragraph (a), and UNFCCC decision 3/CP.17, paragraph 16:

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<sup>1</sup> The Co-Chairs wish to clarify that the term of the Trustee shall be for a period of four years, beginning the first day after the legal agreement with the International Bank for Reconstruction and Development becomes effective.

- (a) Affirms that there should not be a discontinuity in the service of the Trustee;
- (b) Confirms that the selection of the Permanent Trustee of the GCF shall be undertaken through an open, transparent and competitive bidding;
- (c) Adopts the terms of reference of the Permanent Trustee set out in annex I;
- (d) Also adopts the selection process set out in annex II;
- (e) Approves the timeframe for the selection process set out in annex III;
- (f) Also approves the allocation of up to USD 25,000, to be absorbed in the 2018 contractual services budget of the Secretariat budget, to carry out the advertisement in an appropriate international publication for the procurement process for the selection of the Permanent Trustee in a cost-effective manner;
- (g) Decides to invite the World Bank to continue serving as the Interim Trustee until a permanent trustee is appointed;
- (h) Authorizes the Executive Director to execute an amendment to the Amended and Restated Agreement on the Terms and Conditions for the Administration of the Green Climate Fund Trust Fund, dated 22 April 2015, with the World Bank to extend the term of the Interim Trustee established in paragraph 8.4 of the Amended and Restated Agreement on the Terms and Conditions for the Administration of the Green Climate Fund Trust Fund, with all other terms and conditions remaining the same, for an additional period of one year or the date on which the successor trustee takes up the role, whichever occurs earlier; and
- (i) Requests the ad-hoc Trustee Selection Committee to report to the Board on the implementation of this decision at the twenty-first meeting of the Board.

### Annex I: Draft Terms of Reference of the Permanent Trustee

#### **I. Introduction**

1. The GCF was established in December 2010 with the purpose of making a significant and ambitious contribution to the global efforts towards attaining the goals set by the international community to combat climate change. In the context of sustainable development, the GCF will promote a 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.

2. The GCF was designated as an operating entity of the Financial Mechanism of the United Nations Framework Convention on Climate Change (UNFCCC). It is governed and supervised by a Board, which has 24 members composed of 12 members each from developing and developed countries, that has responsibility for policies and guidelines and funding decisions pursuant to the Governing Instrument for the GCF. It is supported by an independent Secretariat, which is accountable to the Board and located in Songdo, Incheon City, Republic of Korea.

3. In UNFCCC decision 1/CP.16, paragraphs 104–107, the Conference of the Parties to the UNFCCC decided that the GCF would have a Trustee with relevant competence to manage the financial assets of GCF and invited the World Bank to serve as the Interim Trustee for the GCF. As at the present, contributors had pledged approximately USD 10.3 billion for the Initial Resource Mobilization period from 2015 to 2018, and 44 contributors, including countries, regions and a city, had signed the contribution agreements and arrangements. Over USD 4 billion in the form of cash and promissory notes have been received to date.

#### **II. Background**

4. As set out in the Governing Instrument, paragraphs 24 and 25, the GCF is to have a permanent Trustee to manage its financial assets, maintain appropriate financial records and prepare the relevant financial statements and reports in accordance with the applicable decisions of the Board.

5. In decision B.08/22, the Board agreed that the process to appoint the Trustee should be concluded no later than the end of 2017 so that the Trustee can commence its services for the GCF no later than April 2018. The GCF now seeks to select a Trustee which will meet the requirements set out below.

#### **III. Requirements**

##### **3.1 Financial rating**

6. The trustee must have at a minimum a stable credit rating equivalent to AA in Standard & Poor's long-term scale (or AA in Fitch or Aa2 in Moody's long-term scales).

### 3.2 Experience

7. The Trustee must have a track record of providing trustee services for large multilateral funds. These services include transfer of funds, management of incoming and outgoing funds, foreign currency exchange, investment management, auditing of trust funds and accounting and reporting. In addition, it should have a proven track record of transacting with:

- (a) Governments of developed and developing country Parties to the UNFCCC;
- (b) Regional, national and subnational accredited entities;
- (c) International entities, including United Nations agencies, multilateral development banks, international financial institutions and regional institutions;
- (d) International organizations and civil society organizations, including non-profit philanthropic organizations; and
- (e) Private sector entities.

8. In particular, the Trustee must be able to receive, in the form of grants, capital and loans (in the form of cash and/or promissory notes), the contributions from existing contributors and other public and/or private entities that may foreseeably contribute to the GCF.

9. The Trustee must meet the institutional requirements of the contributors, which originate from legal, institutional or any other domestic conditions.

### 3.3 Legal protection of GCF resources

10. The Trustee shall ensure that any GCF resources held in trust by the trustee shall:

- (a) Benefit from the same privileges and immunities as are applicable to the Trustee's own resources, and/or multilateral trust funds managed by it, which privileges and immunities shall be equivalent to those normally accorded to international organizations; and
- (b) Be ring-fenced from the Trustee's own resources and any other resources held by the Trustee on behalf of third parties in order to ensure that GCF resources are not available to satisfy the claims of any of the creditors of the Trustee or such third parties.

### *Scope of services*

#### 3.4 Establishment of the GCF Trust Fund

11. The Trustee will establish the GCF Trust Fund to receive contributions from contributors and administer the contributed funds under instruction from the GCF and in accordance with the scope of the services listed below. The GCF Trust Fund must be able to maintain currencies, denominated in United States dollars, euros, Japanese yen and pounds sterling, as well as other convertible currencies (holding currencies). The Trustee will enter into a legally binding agreement with the GCF for the establishment of the GCF Trust Fund.

#### 3.5 Administration of the GCF Trust Fund

12. The Trustee will perform investment management services of the GCF funds held in the GCF Trust Fund under the instruction of the GCF. For this purpose, the Trustee will have the capacity to present options to the Secretariat on asset allocation, such as asset class, and short-term investments based on simulation of different scenarios.

13. The Trustee shall invest in a variety of assets, with excellent environmental, social and corporate governance ratings, which meet the GCF strategic asset allocation, asset liability management and risk appetite requirements, in agreement with the GCF.

#### 3.6 Contribution management

14. The Trustee will administer and manage the contributions to the GCF Trust Fund and manage the contribution agreements/arrangements in the following manner:

- (a) Enter into direct contribution agreements/arrangements with GCF contributors and the GCF
- (b) Receive contributions in the form of grants, loans, capital or reserves (in the form of cash and promissory notes) to be set aside in support of loan contributions,<sup>1</sup> on an agreed schedule as specified in each contribution agreement/arrangement;
- (c) Have the ability to enter into contribution agreements/arrangements with sovereign contributors and other contributors as agreed between the Trustee and the GCF;

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<sup>1</sup> Certain loan contributions also include a reserve, or 'cushion', to be used as reserve in case the GCF own portfolio of loans were to be impaired. The cushion would increase the ability of the GCF to make repayments on those loan contributions.

- (d) Have the ability to enter into agreements/arrangements to receive contributions originating from national, subnational and private sector contributors and any other contributors, as agreed between the Trustee and the GCF; and
- (e) Have the capacity to implement all the elements of the contribution agreements/arrangements.
- 3.7 Transfer of funds and reflows
15. Upon instruction from the Secretariat, the Trustee will transfer funds, in any one of the GCF holding currencies, to the GCF accredited entities, including international and direct access entities and other parties agreed between the GCF and the trustee for funding proposals and other activities approved by the GCF.
- 3.8 Reporting to the Board and the Secretariat
16. The Trustee will provide quarterly reports to the Board with respect to the status of resources of the GCF Trust Fund and any other reports as may be required by the Board.
17. The Trustee will also provide reports to the Secretariat with respect to records of payments made and received, the expected flows of contributions over the next 12 months and any other information with a frequency as determined by the Secretariat.
18. The Trustee will also provide to the Secretariat a detailed financial statement of transactions as well as specific information on the credit rating and duration of the financial instruments in which the GCF invests.
- 3.9 Legal services
19. The Trustee shall have the capacity to provide the legal services associated with the scope of services described above through an in-house legal team.
- 3.10 Integrity standards
20. The Trustee shall ensure that it has and applies fiduciary principles and standards relating to any 'know your customer' checks, anti-corruption, anti-money laundering / combating the financing of terrorism, fraud, financial sanctions and embargoes.
- 3.11 Auditing of the GCF Trust Fund
21. The Trustee will provide an annual audit encompassing all the portfolios and activities related to the trusteeship. The audit should be carried out by an external, internationally recognized auditing firm satisfactory to the GCF.
- 3.12 Other available services
22. If the Trustee has any other financial services to enhance the financial capacity and activities of the GCF, such as foreign exchange hedging products, liquidity facilities and derivatives, these services should be described in detail.
- 3.13 Institutional capacity
23. The Trustee must have the institutional capacity to provide all of the above-mentioned services.
- 3.14 Duration of the service
24. The term shall be for a period of four years, which term shall be renewable subject to a satisfactory review, as determined by the Board, by no later than the end of the third year of the term.

### Annex II: Selection Process

1. All public international financial institutions known to meet the criteria of the Terms of Reference (TORs) are to be considered participating institutions in the selection of the Permanent Trustee.
2. The Secretariat will also solicit for expression of interest, by way of public advertisement and by invitation, the participation by any other public international financial institutions, through the publication of the process and the terms of reference of the permanent trustee on the Green Climate Fund website and advertising in appropriate international publications.
3. The Secretariat will invite all institutions, who have submitted the expression of interest, identified in paragraph (1) above and those institutions that meet the criteria of the TORs identified in paragraph (2) above to submit all information necessary to evaluate these institutions in line with the TORs.
4. The Secretariat will evaluate all proposals that meet the TORs against the evaluation criteria and provide its results to the ad-hoc Trustee Selection Committee.
5. In the event that a trustee is not be selected through the open international competitive bidding process (Decision B.08/21, Annex XXIX: Corporate procurement guidelines for goods and services, Appendix 1: Implementing Guidelines on Institutional Procurement, V. Open international competitive bidding), the Secretariat will follow other

## Chapter VIII: Mobilization of Resources

methods of procurement (Decision B.08/21, Annex XXIX: Corporate procurement guidelines for goods and services, Appendix 1: Implementing Guidelines on Institutional Procurement, VI. Other methods of procurement.).

6. The ad-hoc Trustee Selection Committee will present a final nominee recommendation to the Board for approval based on the above procedure.

### Annex III: Indicative Timeframe for the Permanent Trustee Selection Process

Procurement process	Trustee Selection Committee/ Secretariat	Dates
Approval of the selection process	The Board	B.19 (1 (Thu) March 2018)
Approval of the announcement of the selection process	Trustee Selection Committee	B.19 (1 (Thu) March 2018)
Posting of advertisement (the time may vary depending on the advertising site/magazine)	Secretariat	By 30 (Fri) March 2018
Submission of expression of interest	Institutions	By 20 (Fri) April 2018
Request for submission of proposals	Secretariat	By 27 (Fri) April 2018
Submission of proposals	Institutions	By 8 (Fri) June 2018
Finalize the evaluation for the Committee	Trustee Selection Committee/Secretariat	By 3 (Fri) August 2018
Finalize the decision and the recommendation for the Board	Trustee Selection Committee	By 28 (Fri) September 2018
Decision by the Board	The Board	B.21 (October 2018)
Contract negotiation and handover	Interim Trustee, Secretariat and Permanent Trustee	By 30 April 2019

### **DECISION B.16/05: Ad hoc Trustee Selection Committee**

The Board, having considered document GCF/B.16/12 titled “Competitive procedure for the selection of the Trustee”:

- (a) Establishes the ad hoc Trustee Selection Committee as an ad hoc committee of the Board in accordance with paragraphs 2(g) and 30 of the Rules of Procedure of the Board;
- (b) Adopts the terms of reference of the ad hoc Trustee Selection Committee as set out in annex II;
- (c) Appoints the following four members of the Board to the ad hoc Trustee Selection Committee:
  - (i) Mr. Omar El-Arini;
  - (ii) Mr. Zaheer Fakir;
  - (iii) Mr. Larry McDonald; and
  - (iv) Mr. Mikio Mori; and
- (d) Requests the ad hoc Trustee Selection Committee, with the support of the Secretariat, to convene immediately to begin its work.

### Annex II: Terms of reference of the ad hoc Trustee Selection Committee

#### **I. Role and functions**

1. The role of the ad hoc Trustee Selection Committee is to prepare the selection process of the GCF Permanent Trustee and recommend a Trustee for the Board’s consideration, in accordance with Board decisions and these terms of reference. The ad hoc committee will also monitor and review the progress of the selection process; report the progress to the Board, and report and recommend the final nominee to the Board for its decision no later than its eighteenth meeting.

### II. Membership

2. The Trustee Selection Committee will comprise:
  - (a) Two developing country Board members; and
  - (b) Two developed country Board members.
3. Members of the Trustee Selection Committee will serve for its duration as per paragraph 5 below.

### III. Terms of reference

4. The ad hoc committee shall:
  - (a) Appoint a chairperson/facilitator;
  - (b) Finalize the terms of reference for the Permanent Trustee for approval by the Board;
  - (c) Prepare the selection process and criteria for approval by the Board;
  - (d) Recommend a time frame for the selection process for approval by the Board;
  - (e) Approve the announcement of the open, transparent and competitive process;
  - (f) Oversee the work of the Secretariat regarding this progress;
  - (g) Report, via the chairperson/facilitator, on the progress of the committee to the Co-Chairs and the Board; and
  - (h) Report and recommend the final nominee to the Board for its decision no later than its eighteenth meeting.

### IV. Duration

5. The Trustee Selection Committee will be an ad hoc committee of the Board and shall function until the earlier of:
  - (a) The conclusion of the selection process of the Trustee; or
  - (b) The Board having decided to terminate the committee.

### **DECISION B.15/08: Development of plan and terms of reference for the selection of the Permanent Trustee**

The Board, having considered document GCF/B.15/15/Rev.01 titled “Competitive process for the selection of the Permanent Trustee” and annex II to the aforementioned document:

- (a) Requests the Secretariat to submit to the Board at its sixteenth meeting;
  - (i) Detailed terms of reference for the selection of the Permanent Trustee for the GCF in accordance with UNFCCC decision 1/CP.16 (paras. 104 – 107), as well as subsequent UNFCCC decisions on this matter, the Governing Instrument for the GCF (paras. 6, 18(o), 24, 25 and, 27) and relevant Board decisions; and
  - (ii) A detailed plan for the competitive procedure for the selection of the Permanent Trustee; and
- (b) Also requests the Secretariat to take into account in developing the terms of reference of the procedure:
  - (i) The need for the assets of the GCF to be covered by the appropriate privileges and immunities; and
  - (ii) The legal and institutional requirements of the contributors.

### **DECISION B.14/14: Interim Trustee Review**

The Board, having considered document GCF/B.14/11 titled “Interim Trustee Review”,  
Takes note of the report on review of the Interim Trustee and its findings as contained in annex XV.

(Note: Annex XV mentioned in decision B.14/14 can be found at the following link:  
[https://www.greenclimate.fund/documents/20182/409835/GCF\\_B.14\\_17\\_-\\_Decisions\\_of\\_the\\_Board\\_fourteenth\\_meeting\\_of\\_the\\_Board\\_12-14\\_October\\_2016.pdf/da61a7d6-f3dc-4342-a744-a03257a33ed7](https://www.greenclimate.fund/documents/20182/409835/GCF_B.14_17_-_Decisions_of_the_Board_fourteenth_meeting_of_the_Board_12-14_October_2016.pdf/da61a7d6-f3dc-4342-a744-a03257a33ed7))

**DECISION B.12/38: Review of the Interim Trustee**

The Board, having reviewed document GCF/B.12/18 titled “Trustee arrangements, including the review of the Interim Trustee and the initiation of a process to select the Trustee of the Green Climate Fund”,

- (a) Takes note of the agreement to conduct a review of the Interim Trustee three years after the operation of the GCF as set out in the Governing Instrument for the GCF;
- (b) Requests the Secretariat to commission an independent third party to implement the review of the Interim Trustee, in consultation with and under oversight of the Risk Management Committee; and
- (c) Further requests the Secretariat to ensure that in undertaking the review, the independent third party:
  - (i) Develops terms of reference for the review drawing from the Governing Instrument and the contract between the Secretariat and the Interim Trustee, in consultation with the Secretariat and the Interim Trustee, and endorsed by the Risk Management Committee; and
  - (ii) Conducts the review and provides a report for the consideration of the Board by its fourteenth meeting.

**DECISION B.08/22: Review of the Interim Trustee/Initiation of process to select the Trustee**

The Board, having considered document GCF/B.08/33 Trustee Arrangements, Including the Review of the Interim Trustee and the Initiation of a Process to Select the Trustee of the Fund and its addendum, document GCF/B.08/33/Add.01:

- (a) Decides to invite the World Bank to continue serving as the Interim Trustee until a permanent Trustee is appointed. The process to appoint the permanent Trustee should end no later than the end of 2017, to enable the permanent Trustee to commence its contractual agreement with the Fund no later than April 2018; and
- (b) Requests the Secretariat to:
  - (i) Submit to the Board draft terms of reference for the review of the Interim Trustee, in accordance with paragraph 26 of the Governing Instrument, by the eleventh Board meeting;
  - (ii) Examine the option for the Fund to provide its own permanent Trustee services, including an assessment of internal capacity requirements to perform this function;
  - (iii) Develop a list institutions/organizations which could potentially serve as permanent Trustee, including, but not limited to, a synopsis of their experience, costs and qualifications, to be submitted to the Board by the eleventh Board meeting; and
  - (iv) Develop a methodology for an open, transparent and competitive bidding process to select a Trustee, to be submitted to the Board by the eleventh Board meeting.

**\*DECISION B.05/21: Arrangements with the Interim Trustee – terms and conditions**

The Board, having reviewed document GCF/B.05/22 Agreements with the Interim Trustee:

- (a) Approves the Agreement on the Terms and Conditions for the Administration of the Green Climate Fund Trust Fund between the Green Climate Fund and the International Bank for Reconstruction and Development, serving as the Interim Trustee of the Green Climate Fund Trust Fund, presented in Annex XXIV to this document;

- (b) Authorizes the Executive Director of the Fund to execute, on behalf of the Fund, that Agreement, as well as the contribution agreements to be executed between the Fund, the Interim Trustee and the Contributors, as described in the Agreement;
- (c) Approves the Amendment to the Amended and Restated Transfer Agreement under the Green Climate Fund Trust Fund (MTO No. 069022), presented in Annex XXV to this document.

(Note: Annexes XXIV and XXV mentioned in decision B.05/21 can be found at the following link: [https://www.greenclimate.fund/documents/20182/24937/GCF\\_B.05\\_23\\_-\\_Decisions\\_of\\_the\\_Board\\_-\\_Fifth\\_Meeting\\_of\\_the\\_Board\\_8-10\\_October\\_2013.pdf/ea60c39e-444d-4505-86b7-e87eecd94fb3](https://www.greenclimate.fund/documents/20182/24937/GCF_B.05_23_-_Decisions_of_the_Board_-_Fifth_Meeting_of_the_Board_8-10_October_2013.pdf/ea60c39e-444d-4505-86b7-e87eecd94fb3))

### **\*DECISION B.02-12/05: Arrangements for the Interim Trustee**

The Board:

- (a) Approved the Standard Provisions applicable to the Green Climate Fund Trust Fund in Annex II to document GCF/B.01-12/05/Rev.01;
- (b) Approved the Transfer Agreement under the Green Climate Fund Trust Fund (MTO No. 069022) with the UNFCCC secretariat in connection with the Interim Secretariat in Annex III to document GCF/B.01-12/05/Rev.01.

(Note: The annexes II and III to document GCF/B.01-12/05/Rev.01 mentioned in decision B.02-12/05 can be found at the following link: [https://www.greenclimate.fund/documents/20182/24928/GCF\\_B.02-12\\_05\\_Rev.01\\_-\\_Interim\\_Trustee\\_Arrangements\\_for\\_the\\_Green\\_Climate\\_Fund\\_-\\_Revision.pdf/6235b58b-54ed-4c83-ae1b-a887a37e1c6b](https://www.greenclimate.fund/documents/20182/24928/GCF_B.02-12_05_Rev.01_-_Interim_Trustee_Arrangements_for_the_Green_Climate_Fund_-_Revision.pdf/6235b58b-54ed-4c83-ae1b-a887a37e1c6b))

### **DECISION B.01-12/05: Arrangements for the Interim Trustee**

The Board,

- (a) Requested the Interim Secretariat and the Interim Trustee to revise the document [GCF/B.01-12/07] in the light of the comments made and present it to the Board at its next meeting;
- (b) Invited the Board members to provide by 31 August 2012 comments to the Interim Secretariat additional to, or elaborating on, those presented at this Board meeting;

## **TRUST FUND AGREEMENT**

### **DECISION B.08/15: The Amended and Restated Interim GCF Trust Fund Agreement**

The Board, having considered document GCF/B.08/18 Legal Arrangements for Contributions:

- (a) Decides to approve the Amended and Restated Agreement on the Terms and Conditions for the Administration of the Green Climate Fund Trust Fund (“The Amended and Restated Interim Green Climate Fund Trust Fund Agreement”), attached hereto as Annex XXIV;
- (b) Authorizes the Executive Director of the Fund to finalize with the Interim Trustee the terms and conditions of the annexes and attachments to the Amended and Restated Interim Green Climate Fund Trust Fund Agreement, as well as the templates for contribution agreements/arrangements reflecting the Policies for Contributions endorsed by the Board under agenda item 14 (b);
- (c) Authorizes the Executive Director of the Fund to execute on behalf of the Fund:
  - (i) The Amended and Restated Interim Green Climate Fund Trust Fund Agreement; and
  - (ii) Any contribution agreements/arrangements to be entered into with the Interim Trustee and a Contributor;

- (d) Authorizes the Executive Director to act as the Authorized Designee under the Interim Green Climate Fund Trust Fund Agreement, as amended, with the right of delegation.

Annex XXIV: Amended and restated interim Green Climate Fund Trust Fund agreement

*MTO No. 069022*

AMENDED AND RESTATED AGREEMENT

On the Terms and Conditions for the Administration of the Green Climate Fund Trust Fund

Between GREEN CLIMATE FUND

And INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT, SERVING AS THE INTERIM TRUSTEE OF THE GREEN CLIMATE FUND TRUST FUND

Dated 2014

*MTO No. 069022*

**AGREEMENT**

This AMENDED AND RESTATED AGREEMENT on the Terms and Conditions for the Administration of the Green Climate Fund Trust Fund ("Agreement"), dated 2014, is entered into between the GREEN CLIMATE FUND ("Fund"), acting through its Board ("Board"), and the INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT ("Bank"), serving as the interim trustee ("Trustee") of the Green Climate Fund Trust Fund (MTO No. 069022) ("Trust Fund"). The Fund and the Trustee shall be collectively referred to as the "Parties" and each a "Party".

**PREAMBLE:**

WHEREAS the Fund has been established following the decision of the Conference of the Parties ("COP") to the United Nations Framework Convention on Climate Change ("UNFCCC") at its sixteenth session (decision 1/CP.16);

WHEREAS the COP in decision 1/CP.16 invited the Bank to serve as the interim trustee for the Fund, subject to a review three years after the operationalization of the Fund;

WHEREAS in serving as the interim trustee of the Fund, the Trustee has established the Trust Fund to receive contributions from contributors to the Trust Fund ("Contributors") and has been administering the Trust Fund in accordance with the terms of the contribution agreements entered into with the Contributors, which include the Standard Provisions Applicable to the Green Climate Fund Trust Fund ("Initial Standard Provisions"), approved by the Board in its decision B.02-12/05 (a);

WHEREAS under the "Agreement between the Republic of Korea and the Green Climate Fund concerning the Headquarters of the Green Climate Fund", entered into force on 27 August 2013, and the "Act for Supporting Operation of the Green Climate Fund" of 30 July 2013, the Fund possesses juridical personality and as such, has the ability to enter into agreements with States and international organizations;

WHEREAS pursuant to paragraph 18 (o) of the Governing Instrument for the Green Climate Fund, as approved by the COP at its seventeenth session (decision 3/CP.17) ("Governing Instrument"), which stipulates that the Board will enter into legal and administrative arrangements with the trustee, the Parties entered into the Agreement on the Terms and Conditions for the Administration of the Green Climate Fund Trust Fund dated 15 October 2013 (the "Original Agreement") to establish the terms and conditions for the administration of the Trust Fund by the Trustee to replace the terms and conditions of the Initial Standard Provisions; and

WHEREAS following the approval by the Board, in its decision B.08/13, of the policies for contributions, the Parties wish to amend and restate the Original Agreement to reflect the terms and conditions for the administration of the Trust Fund by the Trustee as prescribed in such policies.

**NOW THEREFORE, the Parties hereto agree as follows:**

1. Establishment of the Trust Fund

1.1. The Trustee shall establish the Trust Fund to receive contributions (the aggregate of all contributions from the Contributors, the "Contributions") from the Contributors and shall hold in trust, as legal owner, and administer the funds, assets and receipts that constitute the Trust Fund, to support the activities of the Fund in accordance with the terms of this Agreement, including all Annexes and Attachments attached hereto, which constitute an integral part hereof.

1.2. Without prejudice to the generality of the foregoing, and except as otherwise provided herein, the Trustee shall administer the funds, assets and receipts that constitute the Trust Fund only for the purpose of, and in accordance with, the relevant decisions of the Board or other person(s) designated in writing by the Board for that purpose ("Authorized Designee"), when such decisions are provided to the Trustee in writing. The Trustee shall be closely consulted in the development of decisions taken by the Board or the Authorized Designee which relate in any way to the functions of the Trustee performed or to be performed under this Agreement. In the absence of such consultation with and the agreement of the Trustee, the Trustee shall not be bound by any decision of the Board or

the Authorized Designee, to the extent that such a decision relates to the functions of the Trustee performed or to be performed under this Agreement.

1.3. The Trustee shall be responsible neither: (a) for inquiring or investigating whether any decisions of the Board or Authorized Designee or Written Instruction (as defined below) provided to the Trustee contravene any existing decisions of the Board or Authorized Designee; nor (b) for making any inquiry or investigation into the facts or matters stated in any such decisions or Written Instructions, and shall have no liability for relying in good faith on any such decisions or Written Instructions, without further inquiry or investigation on its part or otherwise for any actions taken, or omitted to be taken, in good faith.

### 2. Administration of the Trust Fund

2.1. The Trustee shall be responsible only for performing those functions specifically set forth in this Agreement and shall not be subject to any other duties or responsibilities to the Fund or any Contributor, including, without limitation, any duties or obligations that might otherwise apply to a fiduciary or trustee under general principles of trust or fiduciary law. Nothing in this Agreement shall be considered a waiver of any privileges or immunities of: (a) the Bank under its Articles of Agreement or any applicable law, all of which are expressly reserved; or (b) the Fund under its Governing Instrument or any applicable law or treaty, all of which are expressly reserved.

2.2. The Fund agrees that the Trustee shall be fully indemnified, out of the assets of the Fund, including the Trust Fund resources, for any liabilities, claims, losses, costs and expenses, including attorneys' fees and expenses, incurred by the Trustee in connection with or in any way arising out of its activities as Trustee under this Agreement. Such indemnity shall not include any liabilities, claims, losses, costs or expenses incurred by the Trustee as a direct result of its own gross negligence or wilful misconduct.

### 3. Contributions and Contribution Agreements

3.1. The Trustee may accept Contributions from Contributors who are parties that have ratified the UNFCCC ("Parties to the UNFCCC"), in accordance with the provisions of this Agreement and pursuant to contribution agreements/arrangements concluded as tripartite agreements/arrangements among the Fund, the Trustee and the Contributors (the "Contribution Agreement"). The Trustee may accept, on terms agreed with the Trustee and approved by the Board or the Authorized Designee, Contributions from Contributors who are not Parties to the UNFCCC in accordance with the provisions of this Agreement and pursuant to the Contribution Agreements.

3.2. Standard provisions applicable to the Contributions to the Trust Fund are set out in Annex I (Standard Provisions Applicable to the Contributions to the Green Climate Fund Trust Fund) of this Agreement.

3.3. The Fund and the Trustee shall enter into a Contribution Agreement with each Contributor. The Contribution Agreement shall provide, among other things, that the Contribution from the Contributor shall be administered by the Trustee in accordance with the terms of this Agreement. Each Contribution Agreement shall be in form and substance acceptable to the secretariat of the Fund (the "Secretariat") and the Trustee. For the avoidance of doubt, the Contribution Agreements shall include any loan agreements entered into among the Fund, a Contributor and the Trustee (a "Loan Agreement"), if, subject to the terms of this Agreement, any such agreement is entered into to receive a Contribution to the Trust Fund in the form of a loan contribution.

### 4. Commingling, Exchange and Investment of the Contributions

4.1. The Contributions shall be accounted for as a single trust fund and shall be kept separate and apart from the funds of the Bank. For administrative and investment purposes, the Contributions may be commingled with other trust fund assets maintained by the Bank.

4.2. The Contributions may be freely exchanged by the Trustee into other currencies as may facilitate their administration as provided herein.

4.3. The Trustee shall invest and reinvest the Contributions pending their transfer in accordance with the Bank's policies and procedures for the investment of trust funds administered by the Bank. The Trustee shall credit all income from such investment to the Trust Fund to be used for any purposes provided for under this Agreement.

4.4. The Trust Fund shall be maintained by the Trustee in the currency(ies) set forth in Annex II (Holding Currencies) attached hereto (a "Holding Currency"), as the same may be amended from time to time in accordance with paragraph 8.2 below.

### 5. Transfer of Trust Fund Resources

5.1. Except as provided in paragraph 5.4 below, the Trustee shall, subject to the terms of this Agreement, transfer Trust Fund resources in the manner and pursuant to procedures agreed between the Secretariat and the Trustee; and only at, and in accordance with, a written instruction of the Fund, provided to the Trustee by the Authorized Designee of the Fund in a form and manner agreed between the Trustee and the Secretariat (the "Written Instruction").

## Chapter VIII: Mobilization of Resources

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5.2. The Secretariat shall provide the Trustee with the necessary information for the Trustee to effect any transfer of Trust Fund resources under paragraph 5.1 above.

5.3. Upon the transfer of Trust Fund resources by the Trustee under paragraph 5.1 above, the Trustee shall have no responsibility for the use of the Trust Fund resources so transferred, and each entity to whom the Trust Fund resources are transferred by the Trustee shall be responsible to the Fund for the use of the Trust Fund resources so transferred and the activities carried out therewith.

5.4. For the purpose of financing the administrative costs of the Trustee, the Trustee shall submit to the Board a proposal for administrative budget to cover the full costs of services to be provided by the Trustee in the upcoming budget period (and/or the services provided prior to the execution of this Agreement) in connection with the performance of its functions under this Agreement, which shall be paid from the Trust Fund resources. Upon approval by the Board of such a proposal, the Trustee shall transfer the amount to its own account from the Trust Fund resources; provided that the amount of the resources transferred may be subject to an end of budget period adjustment on the basis of full cost recovery for the services provided during the budget period, as such arrangement may be agreed between the Board and the Trustee in connection with the aforementioned proposal.

5.5. Subject to paragraph 5.6 below, the Secretariat and the Trustee shall agree to the manner and procedures by which the Trustee may receive any return or reflow of funds from any of the entities in receipt of the Trust Fund resources transferred by the Trustee pursuant to this Agreement. To the extent that the Trustee has received any such return or reflow of funds from any such entities, the Trustee shall credit to the Trust Fund such amount received, which shall become available for further transfer of funds under and pursuant to this Agreement.

5.6. The Trustee shall not be involved in any action seeking to enforce the return of any Trust Fund resources, including any misused funds or reflow of funds, from any of the entities in receipt of the Trust Fund resources transferred under this Agreement.

### 6. Accounting and Financial Reporting

6.1. The Trustee shall maintain separate records and ledger accounts in respect of the Contributions deposited in the Trust Fund account and transfers made therefrom.

6.2. The Trustee shall furnish to the Board quarterly (or at any other frequency agreed between the Board and the Trustee) financial reports of the Trust Fund.

6.3. Unless otherwise agreed by the Board and the Trustee, the Trustee shall provide to the Board, within six

6.4. (6) months following the end of each Bank fiscal year, an annual single audit report, comprising: (a) a management assertion together with an attestation from the Bank's external auditors concerning the adequacy of internal control over cash-based financial reporting for all cash-based trust funds as a whole; and (b) a combined financial statement for all cash-based trust funds together with the Bank's external auditor's opinion thereon. The cost of the single audit shall be borne by the Bank.

6.5. The Fund or a Contributor may request, on an exceptional basis, a financial statement audit by the Bank's external auditors of the Trust Fund; provided that the costs of any such audit, including the internal costs of the Bank with respect to the audit, shall be paid by the Trust Fund if the audit was requested by the Fund or paid by the requesting Contributor if the audit was requested by the Contributor.

6.6. The Trustee shall furnish the Secretariat, in the manner and frequency agreed between the Secretariat and the Trustee, with information on: (a) the amounts and types of Contributions received in the Trust Fund; (b) the amounts of resources transferred from the Trust Fund by the Trustee; (c) the amounts of resources returned to the Trust Fund by the entities to whom the Trust Fund resources were transferred by the Trustee; and (d) any such other information as may be agreed in writing between the Secretariat and the Trustee from time to time.

### 7. Authorization and Enforceability

7.1. Each Party hereby represents and warrants that:

(a) it has all requisite power and authority to enter into this Agreement and to carry out the transactions contemplated by this Agreement;

(b) its execution, delivery and performance of this Agreement and its consummation of the transactions contemplated by this Agreement have been duly authorized by all requisite internal action; and

(c) this Agreement has been duly executed and delivered by the Party and is a valid and binding obligation of the Party, enforceable against it in accordance with its terms.

### 8. Amendment, Effectiveness and Termination

8.1. This Agreement shall become effective upon the signatures of both Parties.

8.2. This Agreement may be amended only with the agreement of the Fund and the Trustee in writing, except that Annex I (Standard Provisions Applicable to the Contributions to the Green Climate Fund Trust Fund), including any attachment thereto, may only be amended in accordance with its terms.

8.3. The Fund may terminate the Bank's role as the interim trustee of the Trust Fund at any time upon six (6) months' prior written notice to the Bank.

8.4. It is envisaged that the Bank will serve as the interim trustee of the Trust Fund, subject to a review by the Board three (3) years after the operationalization of the Fund. Unless otherwise agreed between the Board and the Bank, the Bank's role as the interim trustee of the Trust Fund shall terminate on 30 April 2015/30 April 2018<sup>1</sup>, except as set forth in paragraph 8.5 below.

8.5. Notwithstanding paragraph 8.4 above, the Bank may terminate its role as the interim trustee of the Trust Fund at any time upon six (6) months' prior written notice to the Board.

8.6. Following termination of the Bank's role as the interim trustee of the Trust Fund pursuant to paragraph 8.3, 8.4 or 8.5 above, the Bank shall carry on no business for the Trust Fund as the interim trustee except to the extent needed to avoid discontinuity in trustee services. The Bank shall, in consultation with the Secretariat to the extent possible, take all necessary action for winding up its affairs in an expeditious manner, including for the transferring of Trust Fund assets to the successor as directed by the Secretariat in writing without undue delay, and for meeting outstanding commitments. All of the powers and rights of the Trustee under this Agreement, including the right to be reimbursed for fees, costs and expenses incurred under this Agreement, shall continue until the affairs of the Trustee have been wound up. The Fund agrees to make all reasonable efforts to assist the Trustee with the winding up under this paragraph.

### 9. Notices

9.1. Unless otherwise specified in this Agreement, any communication, notice or request required or permitted to be given or made under this Agreement shall be executed in writing by the authorized person set forth below (or other authorized person as may be notified in writing by one Party to the other from time to time) and delivered to the address set forth below, or other contact details as may be notified in writing by one Party to the other from time to time.

#### For the Fund:

Executive Director  
Green Climate Fund  
Green Climate Fund Secretariat  
G-Tower, 175 Art Center-daero  
Yeonsu, Incheon, Republic of Korea

Telephone: + 82 32 458 6059  
Facsimile: + 82 32 458 6094  
E-mail: secretariat@gcfund.org

#### For the Trustee:

Director  
Trust Funds and Partnerships

The World Bank  
1818 H Street, N.W.  
Washington, DC 20433  
U.S.A.

Telephone: +1 (202) 458-0019  
Facsimile: +1 (202) 614-0249  
E-mail: gcfitrustee@worldbank.org

### 10. Dispute Resolution

10.1. The Fund and the Trustee shall, to the extent possible, strive to resolve promptly and amicably questions of interpretation and application of this Agreement and settle any disputes, controversy or claims arising out of or relating to this Agreement.

10.2. Any dispute, controversy or claim arising out of or relating to this Agreement, which has not been settled by the agreement between the Parties, shall be submitted to arbitration in accordance with the Arbitration Rules of the United Nations Commission on International Trade Law (UNCITRAL) in force on the effective date of this Agreement, and the following provisions: (a) the appointing authority shall be the

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<sup>1</sup> Subject to acceptance by the World Bank of the invitation to continue serving as the Interim Trustee as per decision B.08/22

## Chapter VIII: Mobilization of Resources

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Secretary-General of the Permanent Court of Arbitration; and (b) the language of the arbitral proceedings shall be English.

10.3. Any arbitral award under paragraph 10.2 above shall be final and binding upon the Parties. The provisions set forth in paragraphs 10.1 and 10.2 above shall be in lieu of any other procedure for the settlement of disputes between the Parties.

### 11. Disclosure

11.1. The Trustee and the Fund will disclose this Agreement and related information on the Trust Fund that are provided to them pursuant to this Agreement (excluding any information provided by the Parties in confidence) in accordance with their respective policies and procedures with respect to the disclosure of information, in effect at the time of such disclosure. By entering into this Agreement, the Parties consent to disclosure of this Agreement and such related information on the Trust Fund in accordance with such policies and procedures.

### 12. Execution in Counterpart

12.1. This Agreement may be simultaneously executed in several copies, each of which shall be an original and all of which shall constitute but one and the same instrument.

IN WITNESS WHEREOF, the Parties have caused this Agreement to be executed on its behalf by its duly authorized officer, as of the date first above written.

#### **GREEN CLIMATE FUND**

By: \_\_\_\_\_

Name: : \_\_\_\_\_

Title: : \_\_\_\_\_

#### **INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT,**

#### **SERVING AS THE INTERIM TRUSTEE OF THE GREEN CLIMATE FUND TRUST FUND**

By: \_\_\_\_\_

Name: : \_\_\_\_\_

Title: : \_\_\_\_\_

### ANNEX I

#### ***Standard Provisions Applicable to the Contributions to the Green Climate Fund Trust Fund***

This Annex ("Standard Provisions") shall be applicable to and form an integral part of the GCF Trust Fund Agreement (as hereinafter defined) and all contribution agreements/arrangements, including the Loan Agreements (as hereinafter defined) (collectively, the "Contribution Agreements"), entered into among (a) the Green Climate Fund (the "Fund"), (b) the International Bank for Reconstruction and Development (the "Bank"), serving as interim trustee (the "Trustee") of the Green Climate Fund Trust Fund (the "Trust Fund"), and (c) the contributors (each, a "Contributor", and collectively, the "Contributors") that provide contributions (the aggregate of all contributions in the form of Grant Contributions, Capital Contributions, Loan Contributions and Cushions (each as hereinafter defined), the "Contributions") to be administered by the Trustee for the Trust Fund.

The Attachment to these Standard Provisions is an integral part of these Standard Provisions, and except to the extent the context otherwise requires, references to these Standard Provisions shall include references to both these Standard Provisions and the Attachment.

(insert standard terms and conditions applicable to Contributions to the Trust Fund.)

#### Attachment

#### ***Conditions for Use of Contributions***

A. The following conditions shall apply to the Contributions, for which the Contribution Agreements are entered into during the initial resource mobilization period of the Fund, as defined in decision B.08/13 (the "IRM Period").

(insert additional terms and conditions applicable to Contributions to the Trust Fund during the IRM Period.)

### ANNEX II

#### ***Holding Currencies***

United States dollars

(insert any other with agreement of the Trustee.)

## CHAPTER IX. ENGAGEMENT WITH THE CONFERENCE OF THE PARTIES

(Note: Annex V of this Handbook includes a list of the V. Reports to the Conference of the Parties of the United Nations Framework Convention on *Climate Change*, with their respective links, to access the annual reports of the Green Climate Fund Board)

### **DECISION B.23/04: Finalization of the eighth report of the GCF to the Conference of the Parties to the UNFCCC**

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.

(Note: Annex II to document GCF/B.23/10 mentioned in decision B.23/04 can be found at the following link: [https://www.greenclimate.fund/documents/20182/1674504/GCF\\_B.23\\_10\\_-\\_Eighth\\_Report\\_of\\_the\\_Green\\_Climate\\_Fund\\_to\\_the\\_Conference\\_of\\_the\\_Parties\\_to\\_the\\_United\\_Nations\\_Framework\\_Convention\\_on\\_Climate\\_Change.pdf/3a253685-3375-563e-00e5-88fce8ef2dd1](https://www.greenclimate.fund/documents/20182/1674504/GCF_B.23_10_-_Eighth_Report_of_the_Green_Climate_Fund_to_the_Conference_of_the_Parties_to_the_United_Nations_Framework_Convention_on_Climate_Change.pdf/3a253685-3375-563e-00e5-88fce8ef2dd1))

### **DECISION B.20/06: Finalization of the seventh report of the GCF to the Conference of the Parties to the UNFCCC**

The Board, having considered document GCF/B.20/15 titled “Seventh Report of the Green Climate Fund to the Conference of the Parties to the United Nations Framework Convention on Climate Change”:

- (a) Requests the Co-Chairs, assisted by the Secretariat, to finalize the “Seventh Report of the Green Climate Fund to the Conference of the Parties to the United Nations Framework Convention on Climate Change”, presented in annex III to this document, taking into consideration the comments made and decisions taken at the twentieth 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-fourth session of the Conference of the Parties, in accordance with decision 7/CP.20, paragraph 23.

(Note: Annex III mentioned in decision B.20/06 can be found at the following link: [https://www.greenclimate.fund/documents/20182/1087995/GCF\\_B.20\\_25\\_-\\_Decisions\\_of\\_the\\_Board\\_twentieth\\_meeting\\_of\\_the\\_Board\\_1\\_4\\_July\\_2018.pdf/80c9b411-a25d-7106-00d6-5cf2c9d5cb15](https://www.greenclimate.fund/documents/20182/1087995/GCF_B.20_25_-_Decisions_of_the_Board_twentieth_meeting_of_the_Board_1_4_July_2018.pdf/80c9b411-a25d-7106-00d6-5cf2c9d5cb15))

### **DECISION B.19/02: Responding to Guidance from the twenty-third session of the Conference of the Parties**

The Board, having considered document GCF/B.19/02 titled “Guidance from the twenty-third session of the Conference of the Parties: Co-Chairs’ proposal”:

- (a) Takes note of the guidance from the Conference of the Parties at its twenty-third session, in particular decision 9/CP.23<sup>1</sup> titled “Report of the Green Climate Fund to the Conference of the Parties and guidance to the Green Climate Fund”;
- (b) Requests the Secretariat to continue efforts to enhance support for national adaptation planning and/or other adaptation planning processes;

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<sup>1</sup> Available at <<http://unfccc.int/resource/docs/2017/cop23/eng/11a01.pdf#page=29>>.

- (c) Requests the Secretariat to include in its annual report to the Conference of the Parties information on projects approved by the Board that support the innovation and/or scaling up of climate technologies; and
- (d) Requests the Co-Chairs to develop a proposal for consideration of the Board in response to the guidance from the Conference of the Parties at its twenty-third session regarding privileges and immunities.

**DECISION B.17/03: Sixth report of the GCF to the Conference of the Parties**

The Board, having considered document GCF/B.17/02 titled “Sixth 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 “Sixth report of the Green Climate Fund to the Conference of the Parties to the United Nations Framework Convention on Climate Change” as presented in document GCF/B.17/02 and to be annexed to the report of the seventeenth meeting of the Board, taking into consideration the comments made and decisions taken at the seventeenth 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-third session of the Conference of the Parties to the United Nations Framework Convention on Climate Change, in accordance with UNFCCC decision 7/CP.20, paragraph 23.

**DECISION B.15/03: Responding to Guidance from the twenty-second session of the Conference of the Parties**

The Board, having considered document GCF/B.15/04 titled “Guidance from the twenty-second session of the Conference of the Parties: Co-Chairs’ proposal”:

- (a) Takes note of the guidance from the Conference of the Parties to the United Nations Framework Convention on Climate Change at its twenty-second session, in particular UNFCCC decision X/CP.22,<sup>1</sup> titled “Report of the Green Climate Fund to the Conference of the Parties and guidance to the Green Climate Fund”;
- (b) Requests the Secretariat to prepare a document for consideration by the Board at its sixteenth meeting that outlines the actions to be taken by the Board in order to facilitate an increase in proposals from direct access entities in the pipeline;
- (c) Decides to include, where feasible, gender consideration in all of the activities of the GCF;
- (d) Requests the Secretariat to include such information referred to in paragraph (b) above in its annual report to the Conference of the Parties to the United Nations Framework Convention on Climate Change;
- (e) Decides in accordance with paragraph 38 of Rules of Procedure of the Board to invite the Chairs of the Technology Executive Committee and the Advisory Board of the Climate Technology Centre and Network to present to the Board at its seventeenth meeting during its consideration of options for supporting collaborative research and development;
- (f) Requests the Secretariat to include information on the actions taken to strengthen linkages between the Technology Mechanism in the sixth report of GCF to the Conference of the Parties to the United Nations Framework Convention on Climate Change;
- (g) Also requests the Secretariat to continue its efforts to negotiate and sign, or otherwise develop, agreements or other appropriate arrangements with countries on privileges and immunities consistent with decision B.10/12;

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<sup>1</sup> Available at <[http://unfccc.int/files/meetings/marrakech\\_nov\\_2016/application/pdf/auv\\_cop22\\_i10c\\_gcf.pdf](http://unfccc.int/files/meetings/marrakech_nov_2016/application/pdf/auv_cop22_i10c_gcf.pdf)>. Decision numbers will be assigned in the forthcoming report of the session.

- (h) Further requests the Secretariat to incorporate in its report to the twenty-third session of the Conference of the Parties to the United Nations Framework Convention on Climate Change a section on the status of the existing GCF privileges and immunities with regard to its operational activities consistent with UNFCCC decision 7/CP.20, paragraph 22;
- (i) Requests the Private Sector Advisory Group to provide recommendations to the Board at its seventeenth meeting on:
  - (i) The development of modalities to support activities enabling private sector involvement in the least developed countries and small island developing States; and
  - (ii) Opportunities to engage the private sector, including local actors, in adaptation action at the national, regional and international levels; and
- (j) Decides to co-opt a Board representative from the least developed countries and another from the small island developing States to assist the Private Sector Advisory Group to develop its recommendations in relation to paragraph (i)(i) above.

**DECISION BM-2016/16: Annual dialogue with climate finance delivery channels**

The Board, having noted the report GCF/BM-2016/16 “Annual dialogue with climate finance delivery channels”:

Decides to defer the annual dialogue with climate finance delivery channels to the sixteenth meeting of the Board.

**\*DECISION B.13/11: GCF engagement with the thematic bodies of the UNFCCC**

The Board, having reviewed document GCF/B.13/07 titled “Relationship with United Nations Framework Convention on Climate Change thematic bodies”:

- (a) Decides to hold an annual meeting, in accordance with paragraph 70 of the Governing Instrument for the GCF, in order to enhance cooperation and coherence of engagement between the GCF and United Nations Framework Convention on Climate Change thematic bodies;
- (b) Also decides that the meeting will be chaired by the Co-Chairs of the GCF Board and organized by the Secretariat on an annual basis to be held in conjunction with the Conference of the Parties to the United Nations Framework Convention on Climate Change;
- (c) Further decides that the meeting will include the Chairs of the various thematic bodies, and the Chairs of the subsidiary bodies, the Conference of the Parties to the United Nations Framework Convention on Climate Change Presidency, and will be open to all members of the GCF Board and the thematic bodies;
- (d) Requests the GCF Co-Chairs to propose the agenda for each meeting, in consultation with the GCF Board and the Co-Chairs of the thematic bodies;
- (e) Decides that the outcome of the meeting shall be a written report to the Conference of the Parties to the United Nations Framework Convention on Climate Change included in the annual report to the Conference of the Parties to the United Nations Framework Convention on Climate Change;
- (f) Requests the Secretariat to strengthen its current approach to engaging with thematic bodies, including through:
  - (i) Exchanging relevant information;
  - (ii) Participating in relevant meetings of the thematic bodies, including technical workshops and other relevant events;

- (iii) Identifying components of the programmes and work-plans of the thematic bodies that are related to the GCF, and, where appropriate, updating the work programme of the Secretariat to improve coordination; and
- (iv) Reporting the outcome of the Secretariat's engagement with the thematic bodies to the Board in the report on the activities of the Secretariat; and
- (g) Decides, in accordance with paragraph 38 of the Rules of Procedures of the Board, to invite:
  - (i) The Chair of the Technology Executive Committee and the Chair of the Advisory Board of the Climate Technology Centre and Network to present to the Board during its consideration of technology matters at the fourteenth meeting of the Board; and
  - (ii) A representative of the Executive Board of the United Nations Collaborative Programme on Reducing Emissions from Deforestation and Forest Degradation in Developing Countries to present to the Board at the fourteenth meeting of the Board during its consideration of matters related to operationalizing REDD-plus.

### **\*DECISION B.13/10: Support actions related to the implementation of the Paris Agreement**

The Board, having reviewed document GCF/B.13/06 titled "The GCF and the Paris Agreement":

- (a) Agrees that current GCF modalities enable support for the preparation and implementation of the nationally determined contributions and adaptation-related elements of the Paris Agreement;
- (b) Urges national designated authorities/focal points to work with accredited entities to consider how their national climate priorities can be submitted as concrete proposals, including under the Project Preparation Facility;
- (c) Requests the Secretariat to compile an information document, based on the submission of country work programmes in accordance with annex VII to decision B.07/03 (annex VII to document GCF/B.07/11), and accredited entity work programmes, in accordance with the GCF strategic plan, for the Board at its fifteenth meeting;
- (d) Reiterates decision B.12/20 to regularly update the core operational priorities of the GCF as defined in the strategic plan and Secretariat work programmes, as appropriate, taking into account evolving priorities, including, inter alia, guidance from the Conference of the Parties to the United Nations Framework Convention on Climate Change and/or guidance from the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement once the Paris Agreement enters into force, and relevant reports from the independent Evaluation Unit;
- (e) Decides to consider in its future work-plans, how to support actions related to the implementation of the Paris Agreement, taking into account the business model of the GCF, its strategic impact areas, and guidance from the Conference of the Parties to the United Nations Framework Convention on Climate Change and/or the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement once the Paris Agreement enters into force; and
- (f) Notes that guidance, rules, modalities and procedures that are to be developed to implement the Paris Agreement may require later consideration by the Board, in line with guidance received from the Conference of the Parties to the United Nations Framework Convention on Climate Change and/or the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement once the Paris Agreement enters into force.

**DECISION B.13/08: Fifth report of the GCF to the Conference of the Parties**

The Board, having considered document GCF/B.13/04 titled “Fifth report of the Green Climate Fund to the Conference of the Parties to the United Nations Framework Convention on Climate Change”:

- (a) Requests the Co-Chairs, assisted by the Secretariat, to finalize the “Fifth report of the Green Climate Fund to the Conference of the Parties to the United Nations Framework Convention on Climate Change” (hereinafter referred to as the fifth report), presented in annex I, taking into consideration the comments made and decisions taken at the thirteenth 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-second session of the Conference of the Parties to the United Nations Framework Convention on Climate Change, in accordance with United Nations Framework Convention on Climate Change decision 7/CP.20, paragraph 23; and
- (b) Also requests the Co-Chairs, assisted by the Secretariat, to issue and submit to the United Nations Framework Convention on Climate Change secretariat an addendum to the fifth report after the fourteenth meeting of the Board and before the twenty-second session of the Conference of the Parties to the United Nations Framework Convention on Climate Change.

(Note: Annex I mentioned in decision B.13/08 can be found at the following link:

[https://www.greenclimate.fund/documents/20182/226888/GCF\\_B.13\\_32\\_Rev.01 - Decisions of the Board thirteenth meeting of the Board 28-30 June 2016.pdf/c93a0291-28c1-4bfc-bc22-cf4c590c3c83](https://www.greenclimate.fund/documents/20182/226888/GCF_B.13_32_Rev.01_-_Decisions_of_the_Board_thirteenth_meeting_of_the_Board_28-30_June_2016.pdf/c93a0291-28c1-4bfc-bc22-cf4c590c3c83) )

**DECISION B.12/07: Responding to Guidance from the Conference of the Parties**

The Board,

- (a) Requests the Secretariat to prepare a document for consideration by the Board at its thirteenth meeting that outlines the Fund’s approach for ensuring complementarity and coherence with other institutions in accordance with paragraphs 33 and 34 of the Governing Instrument for the GCF and relevant guidance from the Conference of the Parties;
- (b) Also requests the Secretariat to prepare a document for consideration by the Board at its fourteenth meeting that outlines ways to provide support pursuant to the existing Fund modalities, for facilitating access to environmentally sound technologies in developing countries, and for undertaking collaborative research and development for enabling developing countries to enhance their mitigation and adaptation action;
- (c) Further requests the Secretariat to present a document for consideration by the Board at its thirteenth meeting on how the Fund may wish to support the Cancun Adaptation Framework and relevant adaptation planning articles of the Paris Agreement;
- (d) Also requests the Secretariat to provide a document for consideration by Board at its fourteenth meeting, allowing for the operationalization of results-based payments for activities referred to in United Nations Framework Convention on Climate Change decision 1/CP.16, paragraph 70, consistent with United Nations Framework Convention on Climate Change decision 9/CP.19 and in accordance with Board decision B.08/08;
- (e) Further requests the Secretariat to provide a document, for the consideration of the Board at its fifteenth meeting, regarding alternative policy approaches, such as joint mitigation and adaptation approaches for the integral and sustainable management of forests consistent with United Nations Framework Convention on Climate Change decision 16/CP.21, paragraph 6, and United Nations Framework Convention on Climate Change decision 7/CP.21, paragraph 25;

- (f) Invites the Private Sector Advisory Group to make recommendations on the mobilization of private sector finance to progress the Fund's forestry-related result areas for consideration by the Board at its fifteenth meeting in 2016.

**DECISION B.10/18: Fourth Report of the GCF to the Conference of the Parties to the UNFCCC**

The Board, having considered document GCF/B.10/08 Fourth Report of the Green Climate Fund to the Conference of the Parties to the United Nations Framework Convention on Climate Change:

- (a) Requests the current Co-Chairs, assisted by the Secretariat, to finalize the Fourth Report of the Green Climate Fund to the Conference of the Parties to the United Nations Framework Convention on Climate Change (hereinafter referred to as Fourth Report), presented in the Annex XXVIII to this document, taking into consideration the comments made and decisions taken at the tenth meeting, and submit the revised report to the United Nations Framework Convention on Climate Change (UNFCCC) secretariat as soon as possible, but no later than 12 weeks prior to the twenty-first session of the Conference of the Parties (COP21), in accordance with decision 7/CP.20, paragraph 23;
- (b) Also requests the current Co-Chairs, assisted by the Secretariat, to issue and submit to the UNFCCC secretariat an addendum to the Fourth Report after the eleventh meeting of the Board and before COP 21; and
- (c) Decides to adopt an annual reporting period running from 1 August up to and including 31 July of the following calendar year for the report of the Green Climate Fund to the Conference of the Parties, starting with the next annual report to the Conference of the Parties.

(Note: Annex XXVIII mentioned in decision B.10/18 can be found at the following link:  
[http://www.greenclimate.fund/documents/20182/24952/GCF\\_B.10\\_17\\_-\\_Decisions\\_of\\_the\\_Board\\_-\\_Tenth\\_Meeting\\_of\\_the\\_Board\\_6-9\\_July\\_2015.pdf/1238c5ad-8686-4cf9-a401-aa4893818215](http://www.greenclimate.fund/documents/20182/24952/GCF_B.10_17_-_Decisions_of_the_Board_-_Tenth_Meeting_of_the_Board_6-9_July_2015.pdf/1238c5ad-8686-4cf9-a401-aa4893818215) )

**DECISION B.08/24: Report to the Conference of the Parties – Privileges and immunities**

The Board, having taken note of the information presented in document GCF/B.08/39 Options for an Institutional Linkage between the United Nations and the Fund:

- (a) Decides to incorporate the following recommendation in the report of the Board to the Conference of the Parties:

“The Board considers it of utmost importance for the quick operation of the Fund to ensure that the staff of the Fund's Secretariat are covered by the privileges and immunities in the countries where the Fund is operating. To this end, and to give effect to the provisions set forth in paragraphs 7 and 8 of the Governing Instrument of the Fund, the Conference of the Parties (COP) may wish to consider recommending to the General Assembly of the United Nations that the General Assembly consider an institutional linkage between the United Nations and the Green Climate Fund that is consistent with the status of the Fund and the powers vested in the Board and a Secretariat that is fully independent and accountable to the Board, as stated in the Fund's Governing Instrument, as approved by the COP in decision 3/CP.17.

It is understood that such institutional linkage will not affect the powers of the Board to appoint the Executive Director and to adopt rules, policies and guidelines for the effective administration of the Fund, and the powers vested in the Executive Director as the head of the Secretariat.”; and

- (b) Further requests that, in order for the Fund and its operations, members of the Board, consultants, and other persons affiliated with the Fund, as well as its staff, to have similar privileges and immunities to operate effectively, the Secretariat shall develop immediately

for the Board's consideration and approval a template bilateral agreement that would provide such privileges and immunities in countries in which the Fund operates.

### **DECISION B.08/23: Report of the GCF to the 20<sup>th</sup> Session of the Conference of the Parties**

The Board, having reviewed document GCF/B.08/35 Draft Report of the Green Climate Fund to the Conference of the Parties to the United Nations Framework Convention on Climate Change:

Requests the current Co-Chairs, assisted by the Secretariat, to finalize the draft Report of the Green Climate Fund to the Conference of the Parties to the United Nations Framework Convention on Climate Change (UNFCCC), presented in Annex XXX to document GCF/B.08/35, taking into consideration the comments and amendments made and decisions taken at the meeting, and forward it to the UNFCCC secretariat.

### **DECISION B.05/18: Report of the GCF to the 19<sup>th</sup> Session of the Conference of the Parties**

The Board:

Requests the current Co-Chairs, assisted by the Interim Secretariat, to finalize the draft 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.05/19, taking into consideration the comments and amendments made and decisions taken at the meeting, and forward it to the United Nations Framework Convention on Climate Change (UNFCCC) secretariat.

### **\*DECISION B.05/16: Approval of draft arrangements between the Conference of the Parties and the GCF**

The Board, having considered documents GCF/B.05/17 Draft Arrangements between the Conference of the Parties to the UNFCCC and the Green Climate Fund and GCF/B.05/17/Add.01 (Addendum):

- (a) Approves the draft arrangements between the Conference of the Parties and the Green Climate Fund set out in Annex XXI to this document;
- (b) Requests the current Co-Chairs to inform the Co-Chairs of the Standing Committee on Finance of the outcome of the Board's deliberations on the arrangements;
- (c) Requests the Interim Secretariat to transmit to the secretariat of the UNFCCC the draft arrangements between the Conference of the Parties and the Green Climate Fund as approved by it, for transmittal to the Conference of the Parties for its subsequent agreement at its nineteenth session, in accordance with decision 7.CP/18.

#### Annex XXI: Draft arrangements between the Conference of the Parties to the United Nations Framework Convention on Climate Change and the Green Climate Fund

##### **I. Preamble**

Recalling Conference of the Parties (COP) decisions 1/CP.16, paragraph 102, and 3/CP.17, paragraphs 3–5, as well as the governing instrument for the Green Climate Fund (GCF), paragraphs 3–6.

Recognizing that the provisions contained in Article 11, paragraph 3, of the Convention, decision 3/CP.17 and the governing instrument for the GCF contained in the annex to 3/CP.17 form the basis for arrangements between the COP and the GCF.

The Conference of the Parties (hereinafter referred to as "the COP") to the United Nations Framework Convention on Climate Change (hereinafter referred to as "the Convention") and the Green Climate Fund (hereinafter referred to as the "GCF") hereby reach the following arrangements:

##### **II. Purpose of these arrangements**

1. The purpose of these arrangements is to set out the working relationship between the COP and the GCF to

## Chapter IX: Engagement with the Conference of the Parties

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ensure that the GCF is accountable to and functions under the guidance of the COP to support projects, programmes, policies and other activities in developing country Parties.

### III. Determination and communication of guidance from the Conference of the Parties

2. The GCF shall receive guidance from the COP, including on matters related to policies, programme priorities and eligibility criteria.
3. The COP will, after each of its sessions, communicate guidance to the GCF.
4. The COP will provide guidance based, inter alia, upon a thorough consideration of the annual reports of the GCF.

### IV. Conformity with guidance of the Conference of the Parties

5. The GCF will take appropriate actions in response to the guidance received and will report on such actions taken.

### V. Reconsideration of funding decisions

6. These arrangements reaffirm that the Board of the GCF has full responsibility for funding decisions.
7. The Board of the GCF has been mandated by paragraph 69 of the governing instrument to establish an independent redress mechanism that will report to the Board.
8. The independent redress mechanism will be open, transparent and easily accessible and will address, inter alia, the reconsideration of funding decisions.
9. The GCF will include in its annual reports to the COP the recommendations of its independent redress mechanism, and any action taken by the Board of the GCF in response to those recommendations. The COP may provide additional guidance to clarify policies, programme priorities and eligibility criteria as they impact funding decisions.
10. Further modalities for the reconsideration of funding decisions as per Article 11, paragraph 3(b), will be developed appropriately once the independent redress mechanism is operational.

### VI. Reports from the Green Climate Fund to the Conference of the Parties

11. The GCF is to submit annual reports to the COP for its consideration. Such annual reports shall include information on the implementation of policies, programme priorities and eligibility criteria provided by the COP, including information on the extent to which COP guidance has been adhered to by the Board of the GCF.
12. The GCF will include in its reports a synthesis of the different activities under implementation and a listing of the activities approved, as well as a financial report.
13. The GCF will also include in its reports information on all activities financed by the GCF.
14. The GCF will indicate in its reports actions it has undertaken to balance the allocation of resources between adaptation and mitigation activities under the Fund.
15. The GCF will also include information on the development and implementation of mechanisms to draw on appropriate expert and technical advice, including from the relevant thematic bodies established under the Convention, as appropriate.
16. The COP may request additional information from the GCF via its annual guidance.

### VII. Determination and periodic review of funding necessary and available

17. In accordance with Article 11, paragraph 3(d), of the Convention, which calls for arrangements to determine in a predictable and identifiable manner the amount of funding necessary and available for the implementation of the Convention, and the conditions under which that amount shall be periodically reviewed:
  - (a) The COP will make assessments of the amount of funds that are necessary to assist developing countries in implementing the Convention, in order to help inform resource mobilization by the GCF; and
  - (b) The GCF is to provide information on resource mobilization and the available financial resources, including any replenishment processes, in its annual reports to the COP.

### VIII. Cooperation between secretariats and representation in meetings of the governing bodies

18. The secretariat of the GCF and the secretariat of the Convention may, as necessary and subject to the direction of the Board of the GCF and the COP, respectively, cooperate and exchange views on matters relevant to the operation of the financial mechanism of the Convention, including implementation of these arrangements between the COP and the GCF, coordination with other international financing channels and participation of representatives at relevant meetings of the bodies.
19. The participation of representatives of the secretariat of the Convention in the meetings of the GCF, and of the secretariat of the GCF in the sessions of the COP, is to be governed by the rules of procedure of the GCF and the COP, respectively.

### IX. Review and evaluation of the financial mechanism

20. The reports of the GCF should include any reports of the independent evaluation unit, including for the purposes of the periodic reviews of the financial mechanism of the Convention.
21. The COP may commission an independent assessment of the overall performance of the GCF, including of the performance of the Board of the GCF, to coincide with periodic reviews of the financial mechanism.
22. The COP will invite feedback from the GCF in advance of making any conclusions or findings from the review or evaluation of the financial mechanism.

### X. Review of these arrangements

23. These arrangements can only be modified in writing by agreement between the COP and the GCF.
24. These arrangements shall come into force upon agreement by the GCF and subsequent agreement by the COP.
25. These arrangements may only be terminated in writing by agreement between the COP and the GCF.

### DECISION B.05/01: Amendment of paragraph (b) of Decision B.04/15

The Board:

Decides to amend paragraph (b) of decision B.04/15 by inserting “the Multilateral Fund for the Implementation of the Montreal Protocol” after “the Adaptation Fund”.

### DECISION B.04/15: Engagement with UNFCCC thematic bodies and external bodies

The Board:

- (a) Decided that, in the short term, the Fund should commence its engagement with UNFCCC thematic bodies, with a view to reassessing this engagement as the Fund and UNFCCC thematic bodies evolve;
- (b) Requested the Interim Secretariat to invite the Global Environment Facility Secretariat, the Adaptation Fund, **the Multilateral Fund for the Implementation of the Montreal Protocol\***, and the Climate Investment Funds to take up observer status with the Green Climate Fund;
- (c) Further requested the Interim Secretariat to engage informally with other external bodies by exchanging information, as required.

\* Words in bold added as per decision B.05/01

### DECISION B.04/12: Arrangements between the Conference of the Parties and the Fund

The Board:

Requested the Co-Chairs to continue consulting with the Co-Chairs of the Standing Committee on Finance and to develop the draft arrangements between the Conference of the Parties and the Fund for the consideration by the Board at its September 2013 meeting.

### DECISION B.01-13/11: Arrangements between the Conference of the Parties and the GCF

The Board, having reviewed document GCF/B.01-13/10 Arrangements between the Conference of the Parties to the United Nations Framework Convention on Climate Change and the Green Climate Fund,

- (a) Recognized that the provisions contained in Article 11, paragraph 3, and decision 3/CP.17 of the of the United Nations Framework Convention on Climate Change and the Governing Instrument form the basis for arrangements between the Conference of the Parties and the Green Climate Fund, and that the Standing Committee on Finance and the Board develop the arrangements between the Conference of the Parties and the Green Climate Fund, consistent with decision 7/CP.18 of the Conference of the Parties at its eighteenth session;

- (b) Took note of the outcome of the Standing Committee on Finance discussion on the arrangements between the Conference of the Parties and the Green Climate Fund, as communicated by the Co-Chairs of the Standing Committee on Finance;
- (c) Decided that the Co-Chairs be mandated to develop, in accordance with paragraph 1 of decision 7/CP.18, the draft arrangements between the Conference of the Parties and the Green Climate Fund with the Co-Chairs of the Standing Committee on Finance;
- (d) Further decided that the draft arrangements between the Conference of the Parties and the Green Climate Fund be presented for consideration at the June 2013 Board meeting to be further developed for adoption at the September 2013 meeting for presentation to the Conference of the Parties at its nineteenth session for agreement.

**DECISION B.02-12/09: Report of the GCF to the 18<sup>th</sup> Session of the Conference of the Parties**

The Board:

- (a) Requested the Co-Chairs, assisted by the Interim Secretariat, to finalize the Report of the Green Climate Fund to the Conference of the Parties to the United Nations Framework Convention on Climate Change in Annex II to document GCF/B.02-12/09, taking into consideration the comments and amendments made at the meeting, and forward it to the UNFCCC secretariat;
- (b) Authorized the Co-Chairs to present the report to the COP.

## CHAPTER X. CONSIDERATION OF FUNDING PROPOSALS

### **DECISION B.24/10: Extension of deadline in respect of FP104 (Nigeria Solar IPP Support Program)**

The Board, having considered the limited distribution document GCF/B.24/05 titled “Status of approved funding proposals: Extension of deadline in respect of FP104 (Nigeria Solar IPP Support Program)”:

- (a) Decides to extend the deadline until 23 February 2020 for the submission by the accredited entity of a certificate or legal opinion, in form and substance satisfactory to the Secretariat, 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 for the following approved funding proposal:
  - (i) FP104, titled “Nigeria Solar IPP Support Program”.

### **DECISION B.24/09: Consideration of funding proposals at the 24<sup>th</sup> Meeting of the Board**

The Board, having considered document GCF/B.24/02/Rev.02 titled “Consideration of funding proposals”:

- (a) Takes note of the following funding proposals:
  - (i) Funding proposal 082 titled “Catalyzing Climate Finance (Shandong Green Development Fund)”, by the Asian Development Bank, as contained in document GCF/B.24/02/Add.01, Add.10 and Add.18/Rev.01;
  - (ii) Funding proposal 116 titled “Carbon Sequestration through Climate Investment in Forests and Rangelands in Kyrgyz Republic (CS-FOR)”, by the Food and Agriculture Organization of the United Nations, as contained in document GCF/B.24/02/Add.02 and Add.18/Rev.01;
  - (iii) Funding proposal 117 titled “Implementation of the Lao PDR Emission Reductions Programme through improved governance and sustainable forest landscape management”, by the Deutsche Gesellschaft fuer Internationale Zusammenarbeit (GIZ) GmbH, as contained in document GCF/B.24/02/Add.03 and Add.18/Rev.01;
  - (iv) Funding proposal 118 titled “Building a Resilient Churia Region in Nepal (BRCRN)”, by the Food and Agriculture Organization of the United Nations, as contained in document GCF/B.24/02/Add.04 and Add.18/Rev.01;
  - (v) Funding proposal 119 titled “Water Banking and Adaptation of Agriculture to Climate Change in Northern Gaza”, by the Agence Française de Développement (AFD), as contained in document GCF/B.24/02/Add.05 and Add.18/Rev.01;
  - (vi) Funding proposal 120 titled “Chile REDD+ RBP for results period 2014-2016”, by the Food and Agriculture Organization of the United Nations, as contained in document GCF/B.24/02/Add.06 and Add.18/Rev.01;
  - (vii) Funding proposal 121 titled “REDD+ Results-based payments in Paraguay for the period 2015-2017”, by the United Nations Environment Programme, as contained in document GCF/B.24/02/Add.07 and Add.18/Rev.01;
  - (viii) Funding proposal 122 titled “Blue Action Fund (BAF): GCF Ecosystem Based Adaptation Programme in the Western Indian Ocean”, by the Kreditanstalt für Wiederaufbau (KfW), as contained in document GCF/B.24/02/Add.08 and Add.18/Rev.01;
  - (ix) Simplified approval process (SAP) funding proposal 008 titled “Extended Community Climate Change Project-Flood (ECCCP-Flood)”, by the Palli Karma-

- Sahayak Foundation (PKSF), as contained in document GCF/B.24/02/Add.12 and Add.18/Rev.01;
- (x) Simplified approval process (SAP) funding proposal 009 titled “Building resilience of urban populations with ecosystem-based solutions in Lao PDR”, by the United Nations Environment Programme, as contained in document GCF/B.24/02/Add.13 and Add.18/Rev.01;
  - (xi) Simplified approval process (SAP) funding proposal 010 titled “Multi-Hazard Impact-Based Forecasting and Early Warning System for the Philippines”, by the Landbank of the Philippines, as contained in document GCF/B.24/02/Add.14 and Add.18/Rev.01;
  - (xii) Simplified approval process (SAP) funding proposal 011 titled “Climate-resilient food security for women and men smallholders through integrated system-based risk management”, by the World Food Programme, as contained in document GCF/B.24/02/Add.15 and Add.18/Rev.01;
  - (xiii) Simplified approval process (SAP) funding proposal 012 titled “Inclusive Green Financing for Climate Resilient and Low Emission Smallholder Agriculture”, by the International Fund for Agricultural Development, as contained in document GCF/B.24/02/Add.16/Rev.01 and Add.18/Rev.01; and
- (b) Approves, pursuant to a vote in which 19 of the Board members present voted in favour and 2 of the Board members present voted against, and in respect of which 1 of the Board members present abstained from the vote, funding proposal 082 for the amount of USD 100,000,000, submitted by the Asian Development Bank, subject to the conditions set out in annex XIV and in the respective term sheet set out in document GCF/B.24/02/Add.18/Rev.01;
  - (c) Decides, pursuant to the above-mentioned vote, in respect of funding proposal FP082, that the Asian Development Bank may seek further approval of the Board at meetings of the Board or through decisions between meetings of commitment of further funding in an amount, when aggregated with the amounts previously approved by the Board, no greater than USD 180,000,000, subject to the conditions set out in annex XIV;
  - (d) Approves funding proposal 116 for the amount of USD 29,988,520, submitted by the Food and Agriculture Organization of the United Nations, subject to the conditions set out in annex XIV and in the respective term sheet set out in document GCF/B.24/02/Add.18/Rev.01;
  - (e) Also approves funding proposal 117 for the amount of EUR 15,160,596, submitted by the Deutsche Gesellschaft fuer Internationale Zusammenarbeit (GIZ) GmbH, subject to the conditions set out in annex XIV and in the respective term sheet set out in document GCF/B.24/02/Add.18/Rev.01;
  - (f) Further approves funding proposal 118 for the amount of USD 39,299,905, submitted by the Food and Agriculture Organization of the United Nations, subject to the conditions set out in annex XIV and in the respective term sheet set out in document GCF/B.24/02/Add.18/Rev.01;
  - (g) Approves funding proposal 119 for the amount of EUR 23,709,782, submitted by the Agence Française de Developpement, subject to the conditions set out in annex XIV and in the respective term sheet set out in document GCF/B.24/02/Add.18/Rev.01;
  - (h) Also approves funding proposal 120 for the amount of USD 63,607,552, submitted by the Food and Agriculture Organization of the United Nations, subject to the conditions set out in annex XIV and in the respective term sheet set out in document GCF/B.24/02/Add.18/Rev.01;

- (i) Further approves funding proposal 121 for the amount of USD 50,000,000, submitted by the United Nations Environment Programme, subject to the conditions set out in annex XIV and in the respective term sheet set out in document GCF/B.24/02/Add.18/Rev.01;
- (j) Approves funding proposal 122 for the amount of EUR 30,000,000, submitted by the Kreditanstalt für Wiederaufbau (KfW), subject to the conditions set out in annex XIV and in the respective term sheet set out in document GCF/B.24/02/Add.18/Rev.01;
- (k) Also approves simplified approval process (SAP) funding proposal 008 for the amount of USD 9,681,340, submitted by the Palli Karma-Sahayak Foundation, subject to the conditions set out in annex XIV and in the respective term sheet set out in document GCF/B.24/02/Add.18/Rev.01;
- (l) Further approves simplified approval process (SAP) funding proposal 009 for the amount of USD 10,000,000, submitted by the United Nations Environment Programme, subject to the conditions set out in annex XIV and in the respective term sheet set out in document GCF/B.24/02/Add.18/Rev.01;
- (m) Approves simplified approval process (SAP) funding proposal 010 for the amount of USD 9,999,042, submitted by the Landbank of the Philippines, subject to the conditions set out in annex XIV and in the respective term sheet set out in document GCF/B.24/02/Add.18/Rev.01;
- (n) Also approves simplified approval process (SAP) funding proposal 011 for the amount of USD 9,250,000, submitted by the World Food Programme, subject to the conditions set out in annex XIV and in the respective term sheet set out in document GCF/B.24/02/Add.18/Rev.01;
- (o) Further approves simplified approval process (SAP) funding proposal 012 for the amount of EUR 8,500,000, submitted by the International Fund for Agricultural Development, subject to the conditions set out in annex XIV and in the respective term sheet set out in document GCF/B.24/02/Add.18/Rev.01;
- (p) 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
- (q) 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.

(Note: Annex XIV mentioned in Decision B.24/09 could be found at the following link:

[https://www.greenclimate.fund/documents/20182/1908411/GCF\\_B.24\\_17\\_-\\_Decisions\\_of\\_the\\_Board\\_twenty-fourth\\_meeting\\_of\\_the\\_Board\\_12\\_14\\_November\\_2019.pdf/b456ef92-b472-c83c-822d-992e284e3330](https://www.greenclimate.fund/documents/20182/1908411/GCF_B.24_17_-_Decisions_of_the_Board_twenty-fourth_meeting_of_the_Board_12_14_November_2019.pdf/b456ef92-b472-c83c-822d-992e284e3330))

### **DECISION B.BM-2019/12: Consideration of request for changes in pricing and tenor in respect of FP080 (Zambia Renewal Energy Financing Framework)**

The Board, having considered the limited distribution document GCF/BM-2019/12 titles “Consideration of request for changes in pricing and tenor in respect of FP080 (Zambia Renewal Energy Financing Framework)”:

- (a) Takes note of the request submitted through Ref: PEVP/IOM/WS/2019/02 dated 4 September 2019 from the African Development Bank for the revision of financing terms for the “Zambia Renewable Energy Financing Framework” (FP080) and attachments thereto, as contained in document GCF/BM-2019/12; and

- (b) Approves the major changes to FP080 described in the request.

**DECISION B.23/10: Consideration of funding proposals at the 23<sup>rd</sup> Meeting of the Board**

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 “TWEENDE: 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 MUFUG 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.

(Note: Annex XI mentioned in Decision B.23.10 could be found at the following link:  
[https://www.greenclimate.fund/documents/20182/1674504/GCF\\_B.23\\_23\\_-\\_Decisions\\_of\\_the\\_Board\\_twenty-third\\_meeting\\_of\\_the\\_Board\\_6\\_8\\_July\\_2019.pdf/de0260d1-736f-0dbf-695c-06684f805ad9](https://www.greenclimate.fund/documents/20182/1674504/GCF_B.23_23_-_Decisions_of_the_Board_twenty-third_meeting_of_the_Board_6_8_July_2019.pdf/de0260d1-736f-0dbf-695c-06684f805ad9))

### **DECISION B.23/12: Restructuring/major changes related to FP015 (Tuvalu Coastal Adaptation Project)**

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.

(Note: Annex VI mentioned in Decision B.23/12 could be found at the following link:

[https://www.greenclimate.fund/documents/20182/1674504/GCF\\_B.23\\_23\\_-\\_Decisions\\_of\\_the\\_Board\\_twenty-third\\_meeting\\_of\\_the\\_Board\\_6\\_8\\_July\\_2019.pdf/de0260d1-736f-0dbf-695c-06684f805ad9](https://www.greenclimate.fund/documents/20182/1674504/GCF_B.23_23_-_Decisions_of_the_Board_twenty-third_meeting_of_the_Board_6_8_July_2019.pdf/de0260d1-736f-0dbf-695c-06684f805ad9)

### **DECISION B.22/07: Consideration of funding proposals at the 22<sup>nd</sup> Meeting of the Board**

The Board, having considered document GCF/B.22/10/Rev.01 titled “Consideration of funding proposals”:

- (a) Takes note of the following funding proposals:
  - (i) Funding proposal 100 titled “REDD-PLUS results-based payments for results achieved by Brazil in the Amazon biome in 2014 and 2015”, by the United Nations Development Programme, as contained in document GCF/B.22/10/Add.02 and Add.17/Rev.02;
  - (ii) Funding proposal 101 titled “Resilient Rural Belize (Be-Resilient)”, by the International Fund for Agricultural Development, as contained in document GCF/B.22/10/Add.03 and Add.17/Rev.02;
  - (iii) Funding proposal 102 titled “Mali solar rural electrification project”, by the Banque Ouest Africaine de Développement, as contained in document GCF/B.22/10/Add.04 and Add.17/Rev.02;
  - (iv) Funding proposal 103 titled “Promotion of Climate-Friendly Cooking: Kenya and Senegal”, by the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH, as contained in document GCF/B.22/10/Add.05, Add.07 and Add.17/Rev.02;
  - (v) Funding proposal 104 titled “Nigeria Solar IPP Support Program”, by the Africa Finance Corporation, as contained in document GCF/B.22/10/Add.11;
  - (vi) Funding proposal 105 titled “BOAD Climate Finance Facility to Scale Up Solar Energy Investments in Francophone West Africa LDCs”, by the Banque Ouest Africaine de Développement, as contained in document GCF/B.22/10/Add.12;
  - (vii) Funding proposal 106 titled “Embedded Generation Investment Programme (EGIP)”, by the Development Bank of Southern Africa, as contained in document GCF/B.22/10/Add.13/Rev.01;
  - (viii) Simplified approval process (SAP) funding proposal 005 titled “Enhanced climate resilience of rural communities in central and north Benin through the implementation of ecosystem-based adaptation (EbA) in forest and agricultural landscapes”, by the United Nations Environment Programme, as contained in document GCF/B.22/10/Add.14 and Add.17/Rev.02; and
  - (ix) Simplified approval process (SAP) funding proposal 006 titled “Building resilience of communities living in landscapes threatened under climate change through an ecosystems-based adaptation approach”, by the Environmental Investment Fund, as contained in document GCF/B.22/10/Add.15 and Add.17/Rev.02;

- (b) Approves funding proposal 100 for the amount of USD 96,452,228, submitted by the United Nations Development Programme, subject to the conditions set out in annex III and in the respective term sheet set out in document GCF/B.22/10/Add.17/Rev.02;
- (c) Endorses the recommendations of the independent Technical Advisory Panel relating to funding proposal 100 referred to in annex III;
- (d) Approves funding proposal 101 for the amount of USD 8,000,000, submitted by the International Fund for Agricultural Development, subject to the conditions set out in annex III and in the respective term sheet set out in document GCF/B.22/10/Add.17/Rev.02;
- (e) Also approves funding proposal 102 for the amount of EUR 25,968,612, submitted by the Banque Ouest Africaine de Développement, subject to the conditions set out in annex III and in the respective term sheet set out in document GCF/B.22/10/Add.17/Rev.02;
- (f) Decides in respect of funding proposal 102 that the Banque Ouest Africaine de Développement may seek further approval of the Board at meetings of the Board or through decisions without a Board meeting of commitment of further funding in an amount, when aggregated with the amounts previously approved by the Board, no greater than EUR 35,341,699, subject to the conditions set out in annex III;
- (g) Approves funding proposal 103 for the amount of EUR 16,509,000, submitted by the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH, as described in the addendum to the funding proposal set out in document GCF/B.22/10/Add.07, subject to the conditions set out in annex III and in the respective term sheet set out in document GCF/B.22/10/Add.17/Rev.02;
- (h) Decides in respect of funding proposal 103 that the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH may seek further approval of the Board at meetings of the Board or through decisions without a Board meeting of commitment of further funding in an amount, when aggregated with the amounts previously approved by the Board, no greater than EUR 38,360,000, subject to the conditions set out in annex III;
- (i) Approves funding proposal 104 for the amount of USD 100,000,000, submitted by the Africa Finance Corporation, subject to the conditions set out in annex III and in the respective term sheet set out in document GCF/B.22/10/Add.11;
- (j) Also approves funding proposal 105 for the amount of EUR 61,000,000, submitted by Banque Ouest Africaine de Développement, subject to the conditions set out in annex III and in the respective term sheet set out in document GCF/B.22/10/Add.12;
- (k) Further approves funding proposal 106 for the amount of USD 100,000,000, submitted by the Development Bank of Southern Africa, subject to the conditions set out in annex III and in the respective term sheet set out in document GCF/B.22/10/Add.13/Rev.01;
- (l) Approves simplified approval process (SAP) funding proposal 005 for the amount of USD 9,000,000, submitted by the United Nations Environment Programme, subject to the conditions set out in annex III and in the respective term sheet set out in document GCF/B.22/10/Add.17/Rev.02;
- (m) Also approves simplified approval process (SAP) funding proposal 006 for the amount of USD 8,904,000, submitted by the Environmental Investment Fund, subject to the conditions set out in annex III and in the respective term sheet set out in document GCF/B.22/10/Add.17/Rev.02;
- (n) 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

- (o) 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.

(Note: Annex III mentioned in Decision B.22/07 can be found at the following link:

[https://www.greenclimate.fund/documents/20182/1424894/GCF\\_B.22\\_24\\_-\\_Decisions\\_of\\_the\\_Board\\_twenty-second\\_meeting\\_of\\_the\\_Board\\_25\\_28\\_February\\_2019.pdf/1f2149d0-0bed-9b1e-9f14-0ca3e2a65b0a](https://www.greenclimate.fund/documents/20182/1424894/GCF_B.22_24_-_Decisions_of_the_Board_twenty-second_meeting_of_the_Board_25_28_February_2019.pdf/1f2149d0-0bed-9b1e-9f14-0ca3e2a65b0a))

### **DECISION B.22/08: Approval of Material Change to FP017 - Climate Action and Solar Energy Development Programme in the Tarapacá Region in Chile**

The Board, having considered the limited distribution document GCF/B.22/Inf.08/Add.01 titled “Board decisions proposed between the twenty-first and twenty-second meetings of the Board – Addendum I: Additional update on FP017 (Climate Action and Solar Energy Development Programme in the Tarapacá Region in Chile)”:

- (a) Decides, in respect of FP017 titled “Climate Action and Solar Energy Development Programme in the Tarapacá Region in Chile”, to:
- (i) Approve the material change to FP017 described in limited distribution document GCF/B.22/Inf.08/Add.01; and
  - (ii) Authorize the Secretariat to negotiate and execute the funded activity agreement, including all its schedules, which shall reflect the material change to the terms as described in document GCF/B.22/Inf.08/Add.01 and the following covenants:
    - (1) If the cash sweep occurs, the accredited entity shall make all possible efforts to seek all relevant information from, and engage in discussions with, the project company, the sponsor and all other relevant parties to seek to verify the continuing financial and operational viability of the funded activity as a going concern and, if appropriate in the circumstances, seek to identify through such discussions any necessary or desirable modifications to the financing of the project; and
    - (2) The accredited entity shall contractually require the sponsor to ensure that the entity to which any of the awarded power purchase agreements are transferred makes all possible efforts to procure energy from renewable sources, in addition to the energy supplied by the project, in satisfaction of such awarded power purchase agreements.

### **DECISION B.BM-2019/06: Extension of deadline in respect of FP098 (DBSA Climate Finance Facility)**

The Board having considered the limited distribution document GCF/BM-2019/06 titled “Status of approved funding proposals: Extension of deadline in respect of FP098 (DBSA Climate Finance Facility)”:

Decides to extend the deadline until 16 August 2019 for submission of a certificate or legal opinion confirming that the accredited entity has obtained all final internal approvals needed by it and has the capacity and authority to implement the programme for the following approved funding proposal:

- (i) FP098, titled “DBSA Climate Finance Facility”.

### **DECISION B.BM-2019/03: Extension of deadline in respect of FP085 (Green BRT Karachi)**

The Board having considered the limited distribution document GCF/BM-2019/03 titled “Status of approved funding proposals: Extension of deadline in respect of FP085 (Green BRT Karachi)”:

Decides to extend the deadline until 17 July 2019 for submission of a certificate or a legal opinion 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 for the following approved funding proposal:

- (i) FP085, titled “Green BRT Karachi”.

**DECISION B.BM-2018/22: Extension of deadline in respect of FP054 (Implementation project of the integral management plan of the Lujan River basin)**

The Board, having considered the limited distribution document GCF/BM-2018/31 titled “Status of approved funding proposals: Extension of deadline in respect of FP054 (Implementation project of the integral management plan of the Lujan River basin)”:

Decides to extend the deadline until 29 March 2019 for execution of the funded activity agreement for the following approved funding proposal:

FP054, titled “Implementation project of the integral management plan of the Lujan River basin.”

**DECISION B.BM-2018/20: Extension of deadline in respect of FP017 (Climate Action and Solar Energy Development Programme in the Tarapaca Region in Chile)**

The Board, having considered the limited distribution document GCF/BM-2018/28 titled “Status of approved funding proposals: Extension of deadline in respect of FP017 (Climate Action and Solar Energy Development Programme in the Tarapaca Region in Chile)”:

- (a) Decides to extend the deadline until 15 June 2019 for execution of the funded activity agreement for the following approved funding proposal:
  - (i) FP017, titled “Climate Action and Solar Energy Development Programme in the Tarapaca Region in Chile.”

**DECISION B.BM-2018/16: Extension of deadline in respect of FP041 (Simiyu Climate Resilient Development Programme)**

The Board, having considered document GCF/BM-2018/25 titled “Status of funded activity agreements: extension of deadline in respect of FP041 (Simiyu Climate Resilient Development Programme)”:

- (a) Decides to extend the deadline for the entering into of a funded activity agreement for the following approved funding proposal:
  - (i) FP041, titled “Simiyu Climate Resilient Development Programme”, by 45 days starting from 1 November 2018.

**DECISION B.21/15: Consideration of funding proposals at the 21st Meeting of the Board**

The Board, having considered document GCF/B.21/10/Rev.01 titled “Consideration of funding proposals”:

- (a) Takes note of the following funding proposals:
  - (i) Funding proposal 082 titled “Catalyzing Climate Finance (Shandong Green Development Fund)”, by the Asian Development Bank, as contained in document GCF/B.21/10/Add.01, 14 and 30;

- (ii) Funding proposal 083 titled “Indonesia Geothermal Resource Risk Mitigation Project”, by the World Bank, as contained in document GCF/B.21/10/Add.02/Rev.01 and 30;
- (iii) Funding proposal 084 titled “Enhancing climate resilience of India’s coastal communities” by the United Nations Development Programme, as contained in document GCF/B.21/10/Add.03 and 30;
- (iv) Funding proposal 085 titled “Green BRT Karachi”, by the Asian Development Bank, as contained in document GCF/B.21/10/Add.04 and 30;
- (v) Funding proposal 086 titled “Green Cities Facility”, by the European Bank for Reconstruction and Development, as contained in document GCF/B.21/10/Add.05, 15 and 30;
- (vi) Funding proposal 087 titled “Building livelihood resilience to climate change in the upper basins of Guatemala’s highlands” by the International Union for Conservation of Nature, as contained in document GCF/B.21/10/Add.06 and 30;
- (vii) Funding proposal 089 titled “Upscaling climate resilience measures in the dry corridor agroecosystems of El Salvador (RECLIMA)” by the Food and Agriculture Organization of the United Nations, as contained in document GCF/B.21/10/Add.08 and 30;
- (viii) Funding proposal 090 titled “Tonga Renewable Energy Project under the Pacific Islands Renewable Energy Investment Program”, by the Asian Development Bank, as contained in document GCF/B.21/10/Add.09 and 30;
- (ix) Funding proposal 091 titled “South Tarawa Water Supply Project”, by the Asian Development Bank, as contained in document GCF/B.21/10/Add.10 and 30;
- (x) Funding proposal 092 titled “Programme for integrated development and adaptation to climate change in the Niger Basin (PIDACC/NB)” by the African Development Bank, as contained in document GCF/B.21/10/Add.11 and 30;
- (xi) Funding proposal 093 titled “Yeelen Rural Electrification Project in Burkina Faso” by the African Development Bank, as contained in document GCF/B.21/10/Add.16 and 30;
- (xii) Funding proposal 094 titled “Ensuring climate resilient water supplies in the Comoros Islands” by the United Nations Development Programme, as contained in document GCF/B.21/10/Add.13 and 30;
- (xiii) Funding proposal 095 titled “Transforming Financial Systems for Climate” by Agence Française de Développement, as contained in document GCF/B.21/10/Add.22;
- (xiv) Funding proposal 096 titled “DRC Green Mini-Grid Program” by the African Development Bank, as contained in document GCF/B.21/10/Add.23;
- (xv) Funding proposal 097 titled “Productive Investment Initiative for Adaptation to Climate Change (CAMBio II)” by the Central American Bank for Economic Integration, as contained in document GCF/B.21/10/Add.24;
- (xvi) Funding proposal 098 titled “DBSA Climate Finance Facility” by Development Bank of Southern Africa, as contained in document GCF/B.21/10/Add. 25;
- (xvii) Funding proposal 099 titled “Climate Investor One” by Nederlandse Financierings-Maatschappij Voor Ontwikkelingslanden N.V., as contained in document GCF/B.21/10/Add.26/Rev.01;
- (xviii) Simplified approval process (SAP) funding proposal 002 titled “Climate services and diversification of climate sensitive livelihoods to empower food insecure and

- vulnerable communities in the Kyrgyz Republic” by the World Food Programme, as contained in document GCF/B.21/10/Add.33 and 34;
- (xix) Simplified approval process (SAP) funding proposal 003 titled “Enhancing climate resilience of the water sector in Bahrain” by the United Nations Environment Programme, as contained in document GCF/B.21/10/Add.35 and 36; and
- (xx) Simplified approval process (SAP) funding proposal 004 titled “Energy Efficient Consumption Loan Programme” by XacBank LLC, as contained in document GCF/B.21/10/Add.37 and 38;
- (b) Approves funding proposal FP083 for the amount of USD 100,000,000, submitted by the World Bank, as described in the funding proposal set out in document GCF/B.21/10/Add.02/Rev.01, subject to the conditions set out in annex XV and in the respective term sheet set out in document GCF/B.21/10/Add.30/Rev.01;
- (c) Decides in respect of funding proposal FP083 that the World Bank may seek further approval of the Board at meetings of the Board or through decisions between meetings of commitment of further funding in an amount, when aggregated with the amounts previously approved by the Board, no greater than USD 185,000,000, subject to the conditions set out in annex XV;
- (d) Also approves funding proposal 084 for the amount of USD 43,418,606, submitted by the United Nations Development Programme, subject to the conditions set out in annex XV and in the respective term sheet set out in document GCF/B.21/10/Add.30/Rev.01;
- (e) Further approves funding proposal 085 for the amount of USD 49,000,000, submitted by the Asian Development Bank, subject to the conditions set out in annex XV and in the respective term sheet set out in document GCF/B.21/10/Add.30/Rev.01;
- (f) Approves funding proposal FP086 for the amount of EUR 87,000,000, submitted by the European Bank for Reconstruction and Development, as described in the addendum to the funding proposal set out in document GCF/B.21/10/Add.15, subject to the conditions set out in annex XV and in the respective term sheet set out in document GCF/B.21/10/Add.30/Rev.01;
- (g) Decides in respect of funding proposal FP086 that the European Bank for Reconstruction and Development may seek further approval of the Board at meetings of the Board or through decisions between meetings of commitment of further funding, subject to the conditions set out in annex XV on two occasions, provided that such request is:
- (i) On the first occasion, for an amount no greater than EUR 87,000,000; and
- (ii) On the second occasion, when aggregated with the amounts previously approved by the Board, in an amount no greater than EUR 228,000,000;
- (h) Also approves funding proposal 087 for the amount of USD 22,035,512, submitted by the International Union for Conservation of Nature, subject to the conditions set out in annex XV and in the respective term sheet set out in document GCF/B.21/10/Add.30/Rev.01;
- (i) Further approves funding proposal 089 for the amount of USD 35,849,612, submitted by the Food and Agriculture Organization of the United Nations, subject to the conditions set out in annex XV and in the respective term sheet set out in document GCF/B.21/10/Add.30/Rev.01;
- (j) Approves funding proposal 090 for the amount of USD 29,900,000, submitted by the Asian Development Bank, subject to the conditions set out in annex XV and in the respective term sheet set out in document GCF/B.21/10/Add.30/Rev.01;
- (k) Also approves funding proposal 091 for the amount of USD 28,631,020, submitted by the Asian Development Bank, subject to the conditions set out in annex XV and in the respective term sheet set out in document GCF/B.21/10/Add.30/Rev.01;

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- (l) Further approves funding proposal 092 for the amount of USD 67,774,000, submitted by the African Development Bank, subject to the conditions set out in annex XV and in the respective term sheet set out in document GCF/B.21/10/Add.30/Rev.01;
- (m) Approves funding proposal 093 for the amount of EUR 24,300,000, submitted by the African Development Bank, subject to the conditions set out in annex XV and in the respective term sheet set out in document GCF/B.21/10/Add.30/Rev.01;
- (n) Also approves funding proposal 094 for the amount of USD 41,919,808, submitted by the United Nations Development Programme, subject to the conditions set out in annex XV and in the respective term sheet set out in document GCF/B.21/10/Add.30/Rev.01;
- (o) Further approves funding proposal FP095, for the amount of EUR 240,000,000, submitted by Agence Française de Développement, subject to the conditions set out in annex XV and in the respective term sheet set out in document GCF/B.21/10/Add.22;
- (p) Approves funding proposal 096 for the amount of USD 21,000,000, submitted by the African Development Bank, subject to the conditions set out in annex XV and in the respective term sheet set out in document GCF/B.21/10/Add.23;
- (q) Also approves funding proposal 097 for the amount of USD 15,500,000, submitted by the Central American Bank for Economic Integration, subject to the conditions set out in annex XV and in the respective term sheet set out in document GCF/B.21/10/Add.24;
- (r) Further approves funding proposal 098 for the amount of USD 55,610,000, submitted by the Development Bank of Southern Africa, subject to the conditions set out in annex XV and in the respective term sheet set out in document GCF/B.21/10/Add.25;
- (s) Approves funding proposal 099 for the amount of USD 100,000,000, submitted by Nederlandse Financierings-Maatschappij Voor Ontwikkelingslanden N.V., subject to the conditions set out in annex XV and in the respective term sheet set out in document GCF/B.21/10/Add.26/Rev.01;
- (t) Also approves simplified approval process (SAP) funding proposal 002 for the amount of USD 8,576,108, submitted by the World Food Programme, subject to the conditions set out in annex XV and in the respective term sheet set out in document GCF/B.21/10/Add.34;
- (u) Further approves simplified approval process (SAP) funding proposal 003 for the amount of USD 2,158,500 submitted by the United Nations Environment Programme which shall be used to finance exclusively the activities under output 1.1 of component 1 and USD 161,888 to finance the project management cost, subject to the conditions set out in annex XV and in the respective term sheet set out in document GCF/B.21/10/Add.36;
- (v) Approves simplified approval process (SAP) funding proposal 004 for the amount of USD 10,000,000, submitted by XacBank LLC, subject to the conditions set out in annex XV and in the respective term sheet set out in document GCF/B.21/10/Add.38;
- (w) Decides to defer its further consideration of funding proposal 082 to the next meeting of the Board;
- (x) 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
- (y) 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.

(Note: Annex XV mentioned in Decision B.21/15 can be found at the following link:  
<https://www.greenclimate.fund/documents/20182/1270184/GCF.B.21.34-Decisions.of.the.Board.twenty-first.meeting.of.the.Board.17.20.October.2018.pdf/b57193ac-c7ee-5d50-f051-d56f5552a469>)

**DECISION B.BM-2018/14: Status of funded activity agreements: extension of deadline in respect of FP058 (Responding to the increasing risk of drought: building gender-responsive resilience of the most vulnerable communities)**

The Board, having considered the limited distribution document GCF/BM-2018/20 titled “Status of funded activity agreements: extension of deadline in respect of FP058 (Responding to the increasing risk of drought: building gender-responsive resilience of the most vulnerable communities)”:

Decides to extend the deadline for the entering into of a funded activity agreement for the following approved funding proposal:

- (i) FP058, titled “Responding to the increasing risk of drought: building gender-responsive resilience of the most vulnerable communities”, by 180 days starting from 20 August 2018.

**DECISION B.BM-2018/10: Status of the funding activity agreements: Extension of deadline in respect of FP041 (Simiyu Climate Resilient Development Programme)**

The Board, having considered the limited distribution document GCF/BM-2018/11 titled “Status of funded activity agreements: Extension of deadline in respect of FP041 (Simiyu Climate Resilient Development Programme)”:

Decides to extend the deadline for the entering into of a funded activity agreement for the following approved funding proposal:

- (i) FP041, entitled “Simiyu Climate Resilient Development Programme”, by 180 days starting from 5 May 2018.

**DECISION B.BM-2018/06: Status of the fulfilment of funding proposal conditions: waiver of a condition in respect of FP021 (AFD Senegal Integrated Urban Flood Management Project)**

The Board, having considered document GCF/BM-2018/06/Rev.01 titled “Status of the fulfilment of funding proposal conditions: waiver of a condition in respect of FP021 (AFD Senegal Integrated Urban Flood Management Project)”:

Decides to waive the following condition that was adopted through decision B.14/07 for funding proposal FP021, “Senegal Integrated Urban Flood Management Project” submitted by Agence Française de Développement, thus rendering the condition not applicable with respect to funding proposal FP021:

“Additional conditions: [...]”

- (iv) Securing funding for intradomiciliary connections in those areas where sewers will be built.”

**DECISION B.19/12: Consideration of funding proposals at the 19<sup>th</sup> Meeting of the Board**

The Board, having considered document GCF/B.19/22/Rev.02 titled “Consideration of funding proposals”:

- (a) Takes note of the following funding proposals:

- (i) Funding proposal 059 titled “Climate-Resilient Water Sector in Grenada (G-CREWS)” by Deutsche Gesellschaft fuer Internationale Zusammenarbeit (GIZ) GmbH, as contained in document GCF/B.19/22/Add.01 and Add.31/Rev.01;
- (ii) Funding proposal 060 titled “Water Sector Resilience Nexus for Sustainability in Barbados (WSRN S-Barbados)” by the Caribbean Community Climate Change Centre, as contained in document GCF/B.19/22/Add.02 and Add.31/Rev.01;
- (iii) Funding proposal 061 titled “Integrated physical adaptation and community resilience through an enhanced direct access pilot in the public, private, and civil society sectors of three Eastern Caribbean small island developing States” by the Department of Environment, Ministry of Health and the Environment, Government of Antigua and Barbuda, as contained in document GCF/B.19/22/Add.03 and Add.31/Rev.01;
- (iv) Funding proposal 062 titled “Poverty, Reforestation, Energy and Climate Change PROEZA Project” by the Food and Agriculture Organization of the United Nations, as contained in document GCF/B.19/22/Add.04 and Add.31/Rev.01;
- (v) Funding proposal 063 titled “Promoting private sector investments in energy efficiency in the industrial sector in Paraguay” by the Inter-American Development Bank, as contained in document GCF/B.19/22/Add.05 and Add.31/Rev.01;
- (vi) Funding proposal 064 titled “Promoting risk mitigation instruments and finance for renewable energy and energy efficiency investments” by the Inter-American Development Bank, as contained in document GCF/B.19/22/Add.06 and Add.31/Rev.01;
- (vii) Funding proposal 065 titled “Financial Instruments for Brazil Energy Efficient Cities (FinBRAZEEC)” by the World Bank, as contained in document GCF/B.19/22/Add.07 and Add.31/Rev.01;
- (viii) Funding proposal 066 titled “Pacific Resilience Project Phase II for RMI” by the World Bank, as contained in document GCF/B.19/22/Add.08/Rev.01 and Add.31/Rev.01;
- (ix) Funding proposal 067 titled “Building climate resilience of vulnerable and food insecure communities through capacity strengthening and livelihood diversification in mountainous regions of Tajikistan” by the United Nations World Food Programme, as contained in document GCF/B.19/22/Add.09 and Add.31/Rev.01;
- (x) Funding proposal 068 titled “Scaling-up Multi-hazard Early Warning System and the Use of Climate Information in Georgia” by the United Nations Development Programme, as contained in document GCF/B.19/22/Add.10 and Add.31/Rev.01;
- (xi) Funding proposal 069 titled “Enhancing adaptive capacities of coastal communities, especially women, to cope with climate change induced salinity” by the United Nations Development Programme, as contained in document GCF/B.19/22/Add.11 and Add.31/Rev.01;
- (xii) Funding proposal 070 titled “Global Clean Cooking Program – Bangladesh” by the World Bank, as contained in document GCF/B.19/22/Add.12/Rev.01 and Add.31/Rev.01;
- (xiii) Funding proposal 071 titled “Scaling Up Energy Efficiency for Industrial Enterprises in Vietnam” by the World Bank, as contained in document GCF/B.19/22/Add.13 and Add.31/Rev.01;
- (xiv) Funding proposal 072 titled “Strengthening climate resilience of agricultural livelihoods in Agro-Ecological Regions I and II in Zambia” by the United Nations Development Programme, as contained in document GCF/B.19/22/Add.14 and Add.31/Rev.01;

- (xv) Funding proposal 073 titled “Strengthening climate resilience of rural communities in Northern Rwanda” by the Ministry of Environment of Rwanda,<sup>1</sup> as contained in document GCF/B.19/22/Add.15 and Add.31/Rev.01;
  - (xvi) Funding proposal 074 titled “Africa Hydromet Program – Strengthening Climate Resilience in Sub-Saharan Africa: Burkina Faso Country Project” by the World Bank, as contained in document GCF/B.19/22/Add.16/Rev.01 and Add.31/Rev.01;
  - (xvii) Funding proposal 075 titled “Institutional Development of the State Agency for Hydrometeorology of Tajikistan” by the Asian Development Bank, as contained in document GCF/B.19/22/Add.17 and Add.31/Rev.01;
  - (xviii) Funding proposal 076 titled “Climate-friendly Agribusiness Value Chains Sector Project” by the Asian Development Bank, as contained in document GCF/B.19/22/Add.18 and Add.31/Rev.01;
  - (xix) Funding proposal 077 titled “Ulaanbaatar Green Affordable Housing and Resilient Urban Renewal Project (AHURP)” by the Asian Development Bank, as contained in document GCF/B.19/22/Add.19 and Add.31/Rev.01;
  - (xx) Funding proposal 078 titled “Acumen Resilient Agriculture Fund (ARAF)” by Acumen Fund, Inc. as contained in document GCF/B.19/22/Add.20;
  - (xxi) Funding proposal 080 titled “Zambia Renewable Energy Financing Framework” by the African Development Bank, as contained in document GCF/B.19/22/Add.22;
  - (xxii) Funding proposal 081 titled “Line of Credit for Solar rooftop segment for commercial, industrial and residential housing sectors” by the National Bank for Agriculture and Rural Development of India, as contained in document GCF/B.19/22/Add.23; and
  - (xxiii) Simplified approval process (SAP) funding proposal 001 titled “Improving rangeland and ecosystem management practices of smallholder farmers under conditions of climate change in Sesfontein, Fransfontein, and Warmquelle areas of the Republic of Namibia” by the Environmental Investment Fund, as contained in document GCF/B.19/22/Add.34 and Add.35;
- (b) Approves funding proposal 059 for the amount of EUR 35,290,095, submitted by Deutsche Gesellschaft fuer Internationale Zusammenarbeit (GIZ) GmbH, subject to the conditions set out in annex XII and in the respective term sheet set out in document GCF/B.19/22/Add.31/Rev.01;
  - (c) Also approves funding proposal 060 for the amount of USD 27,605,010, submitted by the Caribbean Community Climate Change Centre, subject to the conditions set out in annex XII and in the respective term sheet set out in document GCF/B.19/22/Add.31/Rev.01;
  - (d) Further approves funding proposal 061 for the amount of USD 20,000,000, submitted by the Department of Environment, Ministry of Health and the Environment, Government of Antigua and Barbuda, subject to the conditions set out in annex XII and in the respective term sheet set out in document GCF/B.19/22/Add.31/Rev.01;
  - (e) Approves funding proposal 062 for the amount of USD 25,060,376, submitted by the Food and Agriculture Organization of the United Nations, subject to the conditions set out in annex XII and in the respective term sheet set out in document GCF/B.19/22/Add.31/Rev.01;

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<sup>1</sup> The term sheet for this funding proposal as set out in document GCF/B.19/22/Add.31/Rev.01 includes various provisions relating to the change of entity from the Ministry of Natural Resources of Rwanda (MINIRENA) to the Ministry of Environment of Rwanda.

## Chapter X: Consideration of Funding Proposals

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- (f) Also approves funding proposal 063 for the amount of USD 23,000,000, submitted by the Inter-American Development Bank, subject to the conditions set out in annex XII and in the respective term sheet set out in document GCF/B.19/22/Add.31/Rev.01;
- (g) Further approves funding proposal 064 for the amount of USD 103,000,000, submitted by the Inter-American Development Bank, subject to the conditions set out in annex XII and in the respective term sheet set out in document GCF/B.19/22/Add.31/Rev.01;
- (h) Approves funding proposal 065 for the amount of USD 195,000,000, submitted by the World Bank, subject to the conditions set out in annex XII and in the respective term sheet set out in document GCF/B.19/22/Add.31/Rev.01;
- (i) Also approves funding proposal 066 for the amount of USD 25,000,000, submitted by the World Bank, subject to the conditions set out in annex XII and in the respective term sheet set out in document GCF/B.19/22/Add.31/Rev.01;
- (j) Further approves funding proposal 067 for the amount of USD 9,273,586, submitted by the United Nations World Food Programme, subject to the conditions set out in annex XII and in the respective term sheet set out in document GCF/B.19/22/Add.31/Rev.01;
- (k) Approves funding proposal 068 for the amount of USD 27,053,598, submitted by the United Nations Development Programme, subject to the conditions set out in annex XII and in the respective term sheet set out in document GCF/B.19/22/Add.31/Rev.01;
- (l) Also approves funding proposal 069 for the amount of USD 24,980,000, submitted by the United Nations Development Programme, subject to the conditions set out in annex XII and in the respective term sheet set out in document GCF/B.19/22/Add.31/Rev.01;
- (m) Further approves funding proposal 070 for the amount of USD 20,000,000, submitted by the World Bank, subject to the conditions set out in annex XII and in the respective term sheet set out in document GCF/B.19/22/Add.31/Rev.01;
- (n) Approves funding proposal 071 for the amount of USD 86,300,000, submitted by the World Bank, subject to the conditions set out in annex XII and in the respective term sheet set out in document GCF/B.19/22/Add.31/Rev.01;
- (o) Also approves funding proposal 072 for the amount of USD 32,000,000, submitted by the United Nations Development Programme, subject to the conditions set out in annex XII and in the respective term sheet set out in document GCF/B.19/22/Add.31/Rev.01;
- (p) Further approves funding proposal 073 for the amount of USD 32,794,442, submitted by the Ministry of Environment of Rwanda, subject to the conditions set out in annex XII and in the respective term sheet set out in document GCF/B.19/22/Add.31/Rev.01;
- (q) Approves funding proposal 074 for the amount of USD 22,500,000, submitted by the World Bank, subject to the conditions set out in annex XII and in the respective term sheet set out in document GCF/B.19/22/Add.31/Rev.01;
- (r) Also approves funding proposal 075 for the amount of USD 5,000,000, submitted by the Asian Development Bank, subject to the conditions set out in annex XII and in the respective term sheet set out in document GCF/B.19/22/Add.31/Rev.01;
- (s) Further approves funding proposal 076 for the amount of USD 40,000,000, submitted by the Asian Development Bank, subject to the conditions set out in annex XII and in the respective term sheet set out in document GCF/B.19/22/Add.31/Rev.01;
- (t) Approves funding proposal 077 for the amount of USD 145,000,000, submitted by the Asian Development Bank, subject to the conditions set out in annex XII and in the respective term sheet set out in document GCF/B.19/22/Add.31/Rev.01;
- (u) Also approves funding proposal 078 for up to an amount of USD 26,000,000, submitted by Acumen Fund, Inc., subject to the conditions set out in annex XII and in the respective term sheets set out in document GCF/B.19/22/Add.24;

- (v) Further approves funding proposal 080 for the amount of USD 52,500,000, submitted by the African Development Bank, subject to the conditions set out in annex XII and in the respective term sheet set out in document GCF/B.19/22/Add.26;
- (w) Approves funding proposal 081 for the amount of USD 100,000,000, submitted by the National Bank for Agriculture and Rural Development of India, subject to the conditions set out in annex XII and in the respective term sheet set out in document GCF/B.19/22/Add.27;
- (x) Also approves simplified approval process (SAP) funding proposal 001 for the amount of USD 9,300,000, submitted by the Environmental Investment Fund, subject to the conditions set out in annex XII and in the respective term sheet set out in document GCF/B.19/22/Add.35;
- (y) 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 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
- (z) 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 interim policy on fees for accredited entities adopted by the Board pursuant to decision B.11/10.

(Note: Annex XII mentioned in Decision B.19/12 can be found at the following link:

[https://www.greenclimate.fund/documents/20182/953917/GCF\\_B.19\\_43\\_-\\_Decisions\\_of\\_the\\_Board\\_nineteenth\\_meeting\\_of\\_the\\_Board\\_26\\_February\\_1\\_March\\_2018.pdf/350a95f3-c122-512b-e8c1-bfd1629fa60c](https://www.greenclimate.fund/documents/20182/953917/GCF_B.19_43_-_Decisions_of_the_Board_nineteenth_meeting_of_the_Board_26_February_1_March_2018.pdf/350a95f3-c122-512b-e8c1-bfd1629fa60c))

### **DECISION B.18/08: Consideration of funding proposals at the 18<sup>th</sup> Meeting of the Board**

The Board, having considered document GCF/B.18/04/Rev.01 titled “Consideration of funding proposals”:

- (a) Takes note of the following funding proposals:
  - (i) Funding proposal 046 titled “Renewable Energy Program #1-Solar” by XacBank LLC, as contained in document GCF/B.18/04/Add.17;
  - (ii) Funding proposal 047 titled “GCF-EBRD Kazakhstan Renewables Framework” by the European Bank for Reconstruction and Development, as contained in document GCF/B.18/04/Add.18/Rev.01;
  - (iii) Funding proposal 048 titled “Low Emissions and Climate Resilient Agriculture Risk Sharing Facility” by the Inter-American Development Bank, as contained in document GCF/B.18/04/Add.19/Rev.01;
  - (iv) Funding proposal 049 titled “Building the climate resilience of food insecure smallholder farmers through integrated management of climate risks (the R4 Rural Resilience Initiative)” by the World Food Programme, as contained in document GCF/B.18/04/Add.04 and 23;
  - (v) Funding proposal 050 titled “Bhutan for Life (BfL)” by the World Wildlife Fund Inc., as contained in document GCF/B.18/04/Add.05 and 23;
  - (vi) Funding proposal 051 titled “Scaling-up investment in low-carbon public buildings” by the United Nations Development Programme, as contained in document GCF/B.18/04/Add.06 and 23;

- (vii) Funding proposal 052 titled “Sustainable and climate resilient connectivity for Nauru” by the Asian Development Bank, as contained in document GCF/B.18/04/Add.07 and 23;
  - (viii) Funding proposal 053 titled “Enhancing climate change adaptation in the north coast and Nile Delta regions in Egypt” by the United Nations Development Programme, as contained in document GCF/B.18/04/Add.08 and 23;
  - (ix) Funding proposal 054 titled “Implementation project of the integral management plan of the Lujan River Basin” by the Corporación Andina de Fomento, as contained in document GCF/B.18/04/Add.09 and 23;
  - (x) Funding proposal 055 titled “Poverty, Reforestation, Energy and Climate Change (PROEZA Project)” by the Food and Agriculture Organization of the United Nations, as contained in document GCF/B.18/04/Add.10/Rev.01 and 23;
  - (xi) Funding proposal 056 titled “Scaling up climate resilient water management practices for vulnerable communities in La Mojana” by the United Nations Development Programme, as contained in document GCF/B.18/04/Add.11 and 23;
  - (xii) Funding proposal 057 titled “Climate Action for Rural Development: community-based adaptation and mitigation in Argentina” by the Unidad Para el Cambio Rural (Unit for Rural Change, UCAR), as contained in document GCF/B.18/04/Add.12 and 23;
  - (xiii) Funding proposal 058 titled “Responding to the increasing risk of drought: building gender-responsive resilience of the most vulnerable communities” by the Ministry of Finance and Economic Cooperation of the Federal Democratic Republic of Ethiopia, as contained in document GCF/B.18/04/Add.13 and 23;
- (b) Also takes note that, in relation to funding proposal 048, the accredited entity has changed the name of the proposal from “Climate-Smart Agriculture (CSA) Risk Sharing Facility for MSMEs” to “Low Emissions and Climate Resilient Agriculture Risk Sharing Facility”; therefore, all references to “Climate-Smart Agriculture (CSA) Risk Sharing Facility for MSMEs” stated in the funding proposal and its annexes, as well as in the relevant assessments made by the Secretariat and the Independent Technical Advisory Panel, shall be read as “Low Emissions and Climate Resilient Agriculture Risk Sharing Facility”;
- (c) Approves funding proposal 046 for the amount of USD 8,650,050, submitted by the XacBank LLC, subject to the conditions set out in annex XIII and in the respective term sheet set out in document GCF/B.18/04/Add.17;
- (d) Also approves funding proposal 047 for the amount of USD 110,000,000, submitted by the European Bank for Reconstruction and Development, subject to the conditions set out in annex XIII and in the respective term sheet set out in document GCF/B.18/04/Add.18/Rev.01;
- (e) Further approves funding proposal 048 for the amount of USD 20,000,000, submitted by the Inter-American Development Bank, subject to the conditions set out in annex XIII and in the respective term sheet set out in document GCF/B.18/04/Add.19/Rev.01;
- (f) Approves funding proposal 049 for the amount of USD 9,983,521, submitted by the World Food Programme, subject to the conditions set out in annex XIII and in the respective term sheet set out in document GCF/B.18/04/Add.23;
- (g) Also approves funding proposal 050 for the amount of USD 26,557,354, submitted by the World Wildlife Fund Inc., subject to the conditions set out in annex XIII and in the respective term sheet set out in document GCF/B.18/04/Add.23;

- (h) Further approves funding proposal 051 for the amount of USD 17,346,000, submitted by United Nations Development Programme, subject to the conditions set out in annex XIII and in the respective term sheet set out in document GCF/B.18/04/Add.23;
- (i) Approves funding proposal 052 for the amount of USD 26,910,000, submitted by the Asian Development Bank, subject to the conditions set out in annex XIII and in the respective term sheet set out in document GCF/B.18/04/Add.23;
- (j) Also approves funding proposal 053 for the amount of USD 31,385,000, submitted by the United Nations Development Programme, subject to the conditions set out in annex XIII and in the respective term sheet set out in document GCF/B.18/04/Add.23;
- (k) Further approves funding proposal 054 for the amount of USD 58,528,147, submitted by the Corporación Andina de Fomento, subject to the conditions set out in annex XIII and in the respective term sheet set out in document GCF/B.18/04/Add.23;
- (l) Also approves funding proposal 056 for the amount of USD 38,496,000, submitted by the United Nations Development Programme, subject to the conditions set out in annex XIII and in the respective term sheet set out in document GCF/B.18/04/Add.23;
- (m) Approves funding proposal 058 for the amount of USD 45,002,759, submitted by the Ministry of Finance and Economic Cooperation of the Federal Democratic Republic of Ethiopia, subject to the conditions set out in annex XIII and in the respective term sheet set out in document GCF/B.18/04/Add.23;
- (n) Decides that there was no consensus to approve funding proposal 055;
- (o) Also decides that there was no consensus to approve funding proposal 057;
- (p) 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
- (q) 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 interim policy on fees for accredited entities adopted by the Board pursuant to decision B.11/10.

(Note: Annex XIII mentioned in Decision B.18/08 could be found at the following link:

[https://www.greenclimate.fund/documents/20182/820027/GCF\\_B.18\\_23\\_-\\_Decisions\\_of\\_the\\_Board\\_eighteenth\\_meeting\\_of\\_the\\_Board\\_30\\_September\\_2\\_October\\_2017.pdf/b55d8183-005c-4518-91dc-152113506766](https://www.greenclimate.fund/documents/20182/820027/GCF_B.18_23_-_Decisions_of_the_Board_eighteenth_meeting_of_the_Board_30_September_2_October_2017.pdf/b55d8183-005c-4518-91dc-152113506766))

### **DECISION B.17/08: Status of the GCF portfolio pipeline and approved projects**

The Board, having considered document GCF/B.17/09 titled “Status of the GCF portfolio: pipeline and approved projects”:

- (a) Takes note of the status of the GCF pipeline and the analysis of the portfolio;
- (b) Requests the Secretariat to undertake additional analysis, taking into consideration the potential investment priority areas presented in document GCF/B.09/06, to identify specific results areas where targeted GCF investment would have the most impact; and
- (c) Also requests the Secretariat to undertake the following actions in relation to the relevant results areas referred to in paragraph (b) above in order to align the portfolio composition with the initial results management framework contained in decision B.07/04:

- 8.1.1.1.1 Undertake targeted outreach to promote partnerships between accredited entities and those potential non-accredited entities that have the technical expertise to support such results areas;

- 8.1.1.1.1.2 Prepare targeted draft requests for proposals for the Board's consideration, as appropriate; and
- 8.1.1.1.1.3 Work with accredited entities to ensure that the financial terms and conditions proposed in concept notes and funding proposals for concessional loan products meet the principles agreed in annex XIII to decision B.07/05 (annex XIII to document GCF/B.07/11), including on the minimum amount of concessionality, and in this context, and pending the conclusion of the review of financial terms and conditions, apply the financial terms and conditions set out in annex II to decision B.09/04 (annex II to document GCF/B.09/23) in a fit-for-purpose manner, provided that such terms and conditions do not exceed the upper limits set out therein.

**DECISION B.17/17: Extension of deadline for fulfilment of conditions on approved projects**

The Board, having considered document GCF/B.17/20 titled "Extension of the deadline for fulfilment of conditions for FP038 and FP044, related to the execution of accreditation master agreements":

- (a) Recalls that funding proposals FP038 and FP044 were approved by decision B.16/02, subject to a condition that the relevant accredited entity execute an accreditation master agreement with the GCF, in a form and substance satisfactory to the GCF, within 120 days of Board approval;
- (b) Recognizes that absent an extension of time, decision B.16/02, in relation to FP038 and FP044, will lapse if an accreditation master agreement is not entered into with the relevant accredited entity by 4 August 2017;
- (c) Decides to extend the deadline by an additional 120 days starting on 4 August 2017 for the fulfilment of the condition relating to the execution of an accreditation master agreement with the GCF, with respect to the following funding proposals:
- (i) FP038 (European Investment Bank (EIB) and Global Energy Efficiency and Renewable Energy Fund NeXt (GEEREF NeXt)); and
- (ii) FP044 (World Bank and Solomon Islands); and
- (d) Requests the Secretariat to inform all national designated authorities of the risks involved in supporting a project or programme being proposed to the GCF by an accredited entity that has not signed an accreditation master agreement with the GCF.

**DECISION B.16/02: Approval of funding proposals at the sixteenth meeting of the Board**

The Board, having considered document GCF/B.16/07 titled "Consideration of funding proposals":

- (a) Takes note of the following funding proposals:
- (i) Funding proposal 038 titled "GEEREF NeXt" by the European Investment Bank, as contained in document GCF/B.16/07/Add.10/Rev.02;
- (ii) Funding proposal 039 titled "GCF-EBRD Egypt renewable energy financing framework" by the European Bank for Reconstruction and Development, as contained in document GCF/B.16/07/Add.11/Rev.01;
- (iii) Funding proposal 040 titled "Tajikistan: scaling up hydropower sector climate resilience" by the European Bank for Reconstruction and Development, as contained in document GCF/B.16/07/Add.01 and 15;

- (iv) Funding proposal 041 titled “Simiyu climate resilience project” by KfW Bankengruppe, as contained in document GCF/B.16/07/Add.02 and 15;
  - (v) Funding proposal 042 titled “Irrigation development and adaptation of irrigated agriculture to climate change in semi-arid Morocco” by Agence Française de Développement, as contained in document GCF/B.16/07/Add.03 and 15;
  - (vi) Funding proposal 043 titled “The Saïss water conservation project” by the European Bank for Reconstruction and Development, as contained in document GCF/B.16/07/Add.04 and 15;
  - (vii) Funding proposal 044 titled “Tina river hydropower development project” by the World Bank, as contained in document GCF/B.16/07/Add.05 and 15; GCF/B.16/23 Page 6
  - (viii) Funding proposal 045 titled “Ground water recharge and solar micro irrigation to ensure food security and enhance resilience in vulnerable tribal areas of Odisha” by the National Bank for Agriculture and Rural Development, as contained in document GCF/B.16/07/Add.06 and 15; and
  - (ix) Funding proposal 046 titled “Responding to the increasing risk of drought: building gender-responsive resilience of the most vulnerable communities” by the United Nations Development Programme, as contained in document GCF/B.16/07/Add.07 and 15;
- (b) Approves funding proposal 038 for the amount of USD 265,000,000, submitted by the European Investment Bank, subject to the conditions set out in annex I and in the term sheet set out in document GCF/B.16/07/Add.10/Rev.02;
  - (c) Also approves funding proposal 039 for the amount of USD 154,700,000, submitted by the European Bank for Reconstruction and Development, subject to the conditions set out in annex I and in the term sheet set out in document GCF/B.16/07/Add.11/Rev.01;
  - (d) Further approves funding proposal 040 for the amount of USD 50,000,000, submitted by the European Bank for Reconstruction and Development, subject to the conditions set out in annex I and in the respective term sheet set out in document GCF/B.16/07/Add.15;
  - (e) Approves funding proposal 041 for the amount of EUR 102,700,000, submitted by KfW Bankengruppe, subject to the conditions set out in annex I and in the respective term sheet set out in document GCF/B.16/07/Add.15;
  - (f) Also approves funding proposal 042 for the amount of EUR 20,000,000, submitted by Agence Française de Développement, subject to the conditions set out in annex I and in the respective term sheet set out in document GCF/B.16/07/Add.15;
  - (g) Further approves funding proposal 043 for the amount of EUR 31,970,000, submitted by the European Bank for Reconstruction and Development, subject to the conditions set out in annex I and in the respective term sheet set out in document GCF/B.16/07/Add.15;
  - (h) Approves funding proposal 044 for the amount of USD 86,000,000, submitted by the World Bank, subject to the conditions set out in annex I and in the respective term sheet set out in document GCF/B.16/07/Add.15, except for clause 20, Terms and Conditions Applicable to the GCF Loan;
  - (i) Mandates the Secretariat, for funding proposal 044, to finalize prior to the execution of the funded activity agreement, the terms and conditions of the loan component in a manner consistent with the following terms pursuant to decision B.09/04: (x) 50 per cent high concessional loan; and (xi) 50 per cent low concessional loan;
  - (j) Approves funding proposal 045 for the amount of USD 34,357,000, submitted by the National Bank for Agriculture and Rural Development, subject to the conditions set out in annex I and in the respective term sheet set out in document GCF/B.16/07/Add.15;

- (k) Decides that there was no consensus to approve funding proposal 046;
- (l) Requests the Secretariat to assess the conditions set out in annex I and, in the event any such condition is considered by the Secretariat to be inconsistent with GCF policies, the Secretariat shall make a recommendation to the Board for further guidance and pending such guidance, the relevant condition shall be deemed not to apply;
- (m) Decides that if the conditions to be met prior to the execution or for the effectiveness of the funded activity agreement to be entered into in respect of each funding proposal have not GCF/B.16/23 Page 7 been fulfilled within the time frames set out in annex I or the respective term sheet, the approval of such funding proposals shall be subject to reconsideration by the Board;
- (n) Requests the Secretariat to prepare a report on the conditions and time frames of all projects approved by the Board and the status of implementation for consideration by the Board no later than its eighteenth meeting;
- (o) Reaffirms that pursuant to annex VII to decision B.07/03 (annex VII to document GCF/B.07/11), 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
- (p) 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 interim policy on fees for accredited entities adopted by the Board pursuant to decision B.11/10.

(Note: Annex I mentioned in Decision B.16/02 can be found at the following link:

[https://www.greenclimate.fund/documents/20182/584114/GCF\\_B.16\\_23\\_-\\_Decisions\\_of\\_the\\_Board\\_sixteenth\\_meeting\\_of\\_the\\_Board\\_4\\_6\\_April\\_2017.pdf/64e73375-d716-491f-9a1e-e35e9d0b83bd](https://www.greenclimate.fund/documents/20182/584114/GCF_B.16_23_-_Decisions_of_the_Board_sixteenth_meeting_of_the_Board_4_6_April_2017.pdf/64e73375-d716-491f-9a1e-e35e9d0b83bd) )

### **DECISION B.15/07: Consideration of funding proposals at the fifteenth meeting of the Board**

The Board, having considered document GCF/B.15/13 titled “Consideration of funding proposals”:

- (a) Takes note of the following funding proposals:
  - (i) Funding proposal 028 titled “Business Loan Programme for GHG Emissions Reduction” by XacBank LLC, as contained in document GCF/B.15/13/Add.11/Rev.01;
  - (ii) Funding proposal 029 titled “SCF Capital Solutions” by the Development Bank of Southern Africa, as contained in document GCF/B.15/13/Add.12/Rev.01;
  - (iii) Funding proposal 030 titled “Catalyzing Private Investment in Sustainable Energy in Argentina – Part 1” by the Inter-American Development Bank, as contained in document GCF/B.15/13/Add.13/Rev.01;
  - (iv) Funding proposal 033 titled “Accelerating the Transformational Shift to a Low-Carbon Economy in the Republic of Mauritius” by the United Nations Development Programme, as contained in document GCF/B.15/13/Add.06 and 18;
  - (v) Funding proposal 034 titled “Building Resilient Communities, Wetlands Ecosystems and Associated Catchments in Uganda” by the United Nations Development Programme, as contained in document GCF/B.15/13/Add.07 and 18;
  - (vi) Funding proposal 035 titled “Climate Information Services for Resilient Development in Vanuatu (Van CIS RDP)” by the Secretariat of the Pacific Regional Environment Programme, as contained in document GCF/B.15/13/Add.08 and 18;

- (vii) Funding proposal 036 titled “Pacific Islands Renewable Energy Investment Program” by the Asian Development Bank, as contained in document GCF/B.15/13/Add.09 and 18; and
- (viii) Funding proposal 037 titled “Integrated Flood Management to Enhance Climate Resilience of the Vaisigano River Catchment in Samoa” by the United Nations Development Programme, as contained in document GCF/B.15/13/Add.10 and 18;
- (b) Decides to approve funding proposal 028 for the amount of USD 20,000,000, submitted by XacBank LLC, subject to the conditions set out in annex III and in the respective term sheet set out in annex IV;
- (c) Also decides to approve funding proposal 029 for the amount of USD 12,222,222, submitted by the Development Bank of Southern Africa, subject to the conditions set out in annex III and in the respective term sheet set out in annex IV;
- (d) Further decides to approve funding proposal 030 for the amount of up to USD 133,000,000, submitted by the Inter-American Development Bank, subject to the conditions set out in annex III and in the respective term sheet set out in annex IV;
- (e) Decides to approve funding proposal 033 for the amount of USD 28,210,000, submitted by the United Nations Development Programme, subject to the conditions set out in annex III and in the respective term sheet set out in annex IV;
- (f) Also decides to approve funding proposal 034 for the amount of USD 24,140,000, submitted by the United Nations Development Programme, subject to the conditions set out in annex III and in the respective term sheet set out in annex IV;
- (g) Further decides to approve funding proposal 035 for the amount of USD 22,953,000, submitted by the Secretariat of the Pacific Regional Environment Programme, subject to the conditions set out in annex III and in the respective term sheet set out in annex IV;
- (h) Decides to approve funding proposal 036 for the amount of USD 17,000,000, submitted by the Asian Development Bank, subject to the conditions set out in annex III and in the respective term sheet set out in annex IV;
- (i) Also decides to approve funding proposal 037 for the amount of USD 57,718,000, submitted by the United Nations Development Programme, subject to the conditions set out in annex III and in the respective term sheet set out in annex IV;
- (j) Requests the Co-Chairs to compile a list of policy matters arising from the consideration of funding proposals at the fifteenth meeting of the Board for inclusion in the report of the meeting;
- (k) Also requests the Co-Chairs to present a proposal to address these matters for the Board’s consideration at its sixteenth meeting;
- (l) Reaffirms that pursuant to annex VII to decision B.07/03, 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 set 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 interim policy on fees for accredited entities adopted by the Board pursuant to decision B.11/10.

[Note: Annex III mentioned in Decision B.15/07 can be found at the following link [https://www.greenclimate.fund/documents/20182/490910/GCF\\_B.15\\_24\\_-\\_Decisions\\_of\\_the\\_Board\\_fifteenth\\_meeting\\_of\\_the\\_Board\\_13-15\\_December\\_2016.pdf/8726fc1c-15fc-4a2e-90fb-23267b3f8ea5](https://www.greenclimate.fund/documents/20182/490910/GCF_B.15_24_-_Decisions_of_the_Board_fifteenth_meeting_of_the_Board_13-15_December_2016.pdf/8726fc1c-15fc-4a2e-90fb-23267b3f8ea5) and Annex IV mentioned in decision B.15/07 is of limited distribution]

### **\*DECISION B.14/07 (i) to (ccc): Consideration of funding proposals at the fourteenth meeting of the Board**

(Note: Paragraphs (a) to (h) of decision B.14/07 are located under the Simplified Project Approval Process in Chapter I, see DECISION B.14/07 (a) to (h): Consideration of funding proposals and approval of the operational guidelines of the simplified proposal approval *process*)

The Board, having considered document GCF/B.14/07 titled “Consideration of funding proposals”,

- (i) Approves, on an exceptional basis, the funding proposals (FP018-027) conditional on modification to the design of the relevant project or programme, as further set out in paragraphs (r-aa) below, and subject to paragraph (l) below, and requests the Secretariat to specifically report to the Board on the status of fulfilment of conditions in annex I at the seventeenth meeting of the Board;
- (j) Requests the Secretariat to report to the Board at each meeting on the status of the fulfilment of all conditions decided by the Board in its approval of the relevant projects or programmes, and to seek further guidance from the Board in the event that the Secretariat determines that any such condition is technically, financially or legally unimplementable;
- (k) Takes note of the views expressed on programmatic proposals, including those related to the need to seek a balance of national, regional and international programmatic funding proposals. Requests the Co-Chairs to continue to consult on the programmatic approach with a view to conclude the policy guidelines for programmatic approach for consideration at the fifteenth meeting of the Board, noting that approvals on programmatic funding proposals at the fourteenth meeting Z of the Board do not prejudice the Board’s consideration of these policy decisions;
- (l) Confirms that only countries that have provided a letter of no-objection for FP025 are included in the approved programme;
- (m) Requests the Secretariat to modify the funding proposal template to accommodate the additional criteria of the enhanced direct access pilot phase, as specified in annex I to decision B.10/04;
- (n) Also requests the Secretariat to ensure that future proposals under the enhanced direct access modality meet all of the required elements of the enhanced direct access pilot and provide such evidence within the modified funding proposal template, as requested in paragraph (m) above;
- (o) Further requests the Secretariat to explore options for a mechanism that will draw on appropriate scientific and technical advice, as initially envisaged by decision B.04/09, paragraph (d);
- (p) Emphasizes the approach taken to approving funding proposals at the fourteenth meeting of the Board does not constitute a precedent;
- (q) Takes note of the following funding proposals:
  - (i) Funding proposal 018 titled “Scaling-up of glacial lake outburst flood (GLOF) risk reduction in Northern Pakistan” by the United Nations Development Programme, as contained in document GCF/B.14/07/Add.01 and Add.17 (limited distribution);
  - (ii) Funding proposal 019 titled “Priming financial and land-use planning instruments to reduce emissions from deforestation” by the United Nations Development Programme, as contained in document GCF/B.14/07/Add.02 and Add.17;
  - (iii) Funding proposal 020 titled “Sustainable energy facility for the Eastern Caribbean” by the Inter-American Development Bank, as contained in document GCF/B.14/07/Add.03 and Add.17;

- (iv) Funding proposal 021 titled “Senegal integrated urban flood management project” by Agence Française de Développement, as contained in document GCF/B.14/07/Add.04 and Add.17);
  - (v) Funding proposal 022 titled “Development of argan orchards in degraded environment” by the Agency for Agricultural Development of Morocco, as contained in document GCF/B.14/07/Add.05 and Add.17;
  - (vi) Funding proposal 023 titled “Climate resilient agriculture in three of the vulnerable extreme northern crop growing regions (CRAVE)” by the Environmental Investment Fund, as contained in document GCF/B.14/07/Add.06 and Add.17;
  - (vii) Funding proposal 024 titled “Empower to adapt: creating climate change resilient livelihoods through community-based natural resource management in Namibia” by the Environmental Investment Fund, as contained in document GCF/B.14/07/Add.07 and Add.17;
  - (viii) Funding proposal 025 titled “Sustainable energy financing facilities (SEFF)” by the European Bank for Reconstruction and Development, as contained in document GCF/B.14/07/Add.11;
  - (ix) Funding proposal 026 titled “Sustainable landscapes in Eastern Madagascar” by the Conservation International Foundation and the European Investment Bank, as contained in document GCF/B.14/07/Add.12; and
  - (x) Funding proposal 027 titled “Universal green energy access programme (UGEAP)” by Deutsche Bank Aktiengesellschaft, as contained in document GCF/B.14/07/Add.13.
- (r) Approves funding proposal 018 for the amount of USD 36,960,000, submitted by the United Nations Development Programme, subject to the conditions set out in annex I and in the respective term sheet set out in document GCF/B.14/07/Add.17;
  - (s) Approves funding proposal 019 for the amount of USD 41,172,739, submitted by the United Nations Development Programme, subject to the conditions set out in annex I and in the respective term sheet set out in document GCF/B.14/07/Add.17;
  - (t) Approves funding proposal 020 for the amount of USD 80,000,000, submitted by the Inter-American Development Bank, subject to the conditions set out in annex I and in the respective term sheet set out in document GCF/B.14/07/Add.17;
  - (u) Approves funding proposal 021 for the amount of EUR 15,000,000, submitted by Agence Française de Développement, subject to the conditions set out in annex I and in the respective term sheet set out in document GCF/B.14/07/Add.17;
  - (v) Approves funding proposal 022 for the amount of USD 39,292,600, submitted by the Agency for Agricultural Development of Morocco, subject to the conditions set out in annex I and in the respective term sheet set out in document GCF/B.14/07/Add.17;
  - (w) Approves funding proposal 023 for the amount of USD 9,500,000, submitted by Environmental Investment Fund, subject to the conditions set out in annex I and in the respective term sheet set out in document GCF/B.14/07/Add.17;
  - (x) Approves funding proposal 024 for the amount of USD 10,000,000, submitted by the Environmental Investment Fund, subject to the conditions set out in annex I and in the respective term sheet set out in document GCF/B.14/07/Add.17;
  - (y) Approves funding proposal 025 for the amount of up to USD 378,000,000 equivalent, of which up to USD 84,000,000 will be provided in euro, submitted by the European Bank for

Reconstruction and Development, subject to the conditions set out in annex I and in the respective term sheet set out in document GCF/B.14/07/Add.11<sup>1</sup>;

- (z) Approves funding proposal 026 for the amounts of USD 18,500,000 and up to USD35,000,000 respectively, jointly submitted by the Conservation International Foundation and European Investment Bank subject to the conditions set out in annex I and in the respective term sheet set out in document GCF/B.14/07/Add.12<sup>2</sup>, taking note of potential future reflows from activities in Madagascar undertaken by European Investment Bank to the activities in the country to be undertaken by the Conservation International Foundation subject to subsequent Board approval of a funding proposal to be submitted by the latter closer to the date of such reflows;
- (aa) Approves funding proposal 027 for the amount of USD 80,000,000, submitted by Deutsche Bank AktienGesellschaft, subject to the conditions set out in annex I and in the respective term sheet set out in document GCF/B.14/07/Add.13<sup>3</sup>;
- (bb) Reaffirms that pursuant to annex VII to decision B.07/03, the Executive Director or his designee is authorized to negotiate and enter into legal agreements on behalf of the Green Climate Fund with accredited entities and other parties involved in respect of funding proposals approved by the Board, taking into account any condition set by the Board in this decision and in the decision accrediting the relevant accredited entity; and
- (cc) 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 interim policy on fees for accredited entities adopted by the Board pursuant to decision B.11/10.

(Note: Annex I mentioned in Decision B.14/07 can be found at the following link:

[https://www.greenclimate.fund/documents/20182/409835/GCF\\_B.14\\_17\\_-\\_Decisions\\_of\\_the\\_Board\\_fourteenth\\_meeting\\_of\\_the\\_Board\\_12-14\\_October\\_2016.pdf/da61a7d6-f3dc-4342-a744-a03257a33ed7](https://www.greenclimate.fund/documents/20182/409835/GCF_B.14_17_-_Decisions_of_the_Board_fourteenth_meeting_of_the_Board_12-14_October_2016.pdf/da61a7d6-f3dc-4342-a744-a03257a33ed7))

### **DECISION B.13/23: Funding proposals considered at the thirteenth meeting of the Board**

The Board, having considered document GCF/B.13/16/Rev.01 titled “Consideration of funding proposals”,

- (a) Takes note of the following funding proposals:
  - (i) Funding proposal 009 titled “Energy savings insurance (ESI) for private energy efficiency investments by small and medium-sized enterprises (SMEs)” by the Inter- American Development Bank, as contained in document GCF/B.13/16/Add.01;
  - (ii) Funding proposal 010 titled “De-risking and scaling-up investment in energy efficient building retrofits” by the United Nations Development Programme, as contained in document GCF/B.13/16/Add.02 ;
  - (iii) Funding proposal 011 titled “Large-scale ecosystem-based adaptation in the Gambia: developing a climate-resilient, natural resource-based economy” by the United Nations Environment Programme, as contained in document GCF/B.13/16/Add.03;
  - (iv) Funding proposal 012 titled “Africa Hydromet program – strengthening climate resilience in sub-Saharan Africa: Mali country project” by the World Bank, as contained in document GCF/B.13/16/Add.04;

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<sup>1</sup> GCF/B.14/07/Add.11 is a confidential document made available to Board members only.

<sup>2</sup> GCF/B.14/07/Add.12 is a confidential document made available to Board members only.

<sup>3</sup> GCF/B.14/07/Add.13 is a confidential document made available to Board members only.

- (v) Funding proposal 013 titled “Improving the resilience of vulnerable coastal communities to climate change related impacts in Viet Nam” by the United Nations Development Programme, as contained in document GCF/B.13/16/Add.05;
  - (vi) Funding proposal 014 titled “Project to support the World Bank’s Climate adaptation and mitigation program for the Aral Sea Basin (CAMP4ASB) in Tajikistan and Uzbekistan” by the World Bank, as contained in document GCF/B.13/16/Add.06;
  - (vii) Funding proposal 015 titled “Tuvalu coastal adaptation project (TCAP)” by the United Nations Development Programme, as contained in document GCF/B.13/16/Add.07;
  - (viii) Funding proposal 016 titled “Strengthening the resilience of smallholder farmers in the dry zone to climate variability and extreme events through an integrated approach to water management” by the United Nations Development Programme, as contained in document GCF/B.13/16/Add.08 ; and
  - (ix) Funding proposal 017 titled “Climate action and solar energy development programme in the Tarapacá Region in Chile” by Corporación Andina de Fomento, as contained in document GCF/B.13/16/Add.09;
- (b) Approves funding proposal 009 for the amount of USD 21,700,000, submitted by the Inter- American Development Bank, contingent on the fulfilment of the conditions as contained in annex III;
  - (c) Also approves funding proposal 010 for the amount of USD 20,000,000, submitted by the United Nations Development Programme, contingent on the fulfilment of the conditions and with due consideration of the recommendations as contained in annex III;
  - (d) Further approves funding proposal 011 for the amount of USD 20,546,756, submitted by the United Nations Environment Programme, contingent on the fulfilment of the conditions as contained in annex III;
  - (e) Approves funding proposal 012 for the amount of USD 22,750,000, submitted by the World Bank, contingent on the fulfilment of the conditions and with due consideration of recommendations as contained in annex III;
  - (f) Also approves funding proposal 013 for the amount of USD 29,523,000, submitted by the United Nations Development Programme, contingent on the fulfilment of the conditions and with due consideration of the recommendations as contained in annex III;
  - (g) Further approves funding proposal 014 for the amount of USD 19,000,000, submitted by the World Bank, contingent on the fulfilment of the conditions as contained in annex III;
  - (h) Approves funding proposal 015 for the amount of USD 36,010,000, submitted by the United Nations Development Programme, contingent on the fulfilment of the conditions and with due consideration of the recommendations as contained in annex III;
  - (i) Also approves funding proposal 016 for the amount of USD 38,084,000, submitted by the United Nations Development Programme, contingent on the fulfilment of the conditions as contained in annex III;
  - (j) Further approves funding proposal 017 for the amount of USD 49,000,000, submitted by Corporación Andina de Fomento, contingent on the fulfilment of the conditions and with due consideration of the recommendations as contained in annex III;

- (k) Reaffirms that pursuant to annex VII to decision B.07/03 (annex VII to document GCF/B.07/11), the Executive Director or her 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 set by the Board in this decision and in the decision accrediting the relevant accredited entity; and
- (l) 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 interim policy on fees for accredited entities adopted by the Board pursuant to decision B.11/10.

(Note: Annex III mentioned in Decision B.13/23 could be found at the following link:

[https://www.greenclimate.fund/documents/20182/226888/GCF\\_B.13\\_32\\_Rev.01\\_-\\_Decisions\\_of\\_the\\_Board\\_thirteenth\\_meeting\\_of\\_the\\_Board\\_28-30\\_June\\_2016.pdf/c93a0291-28c1-4bfc-bc22-cf4c590c3c83](https://www.greenclimate.fund/documents/20182/226888/GCF_B.13_32_Rev.01_-_Decisions_of_the_Board_thirteenth_meeting_of_the_Board_28-30_June_2016.pdf/c93a0291-28c1-4bfc-bc22-cf4c590c3c83)

### **DECISION B.12/24: Approval project preparation of the programme Rural Green Economy and Climate Resilient Development Programme**

The Board, having considered document GCF/B.12/Inf.06/Add.02 titled “Progress and outlook report of the Readiness and Preparatory Support Programme – addendum project preparation funding application”,

- (a) Takes note of the project preparation funding application for the Rural Green Economy and Climate Resilient Development Programme (by the Ministry of Natural Resources of Rwanda), as contained in document GCF/B.12/Inf.06/Add.02;
- (b) Also takes note of the assessment of the Secretariat in accordance with decision B.11/11, paragraph (l); and
- (c) Approves the amount of USD 1.5 million in grants for the project preparation of the programme titled “Rural Green Economy and Climate Resilient Development Programme”, submitted by the Ministry of Natural Resources of Rwanda.

### **DECISION B.BM-2016/05: Clarification of decision B.11/11 on deadlines for general conditions**

The Board, having considered document GCF/BM-2016/04 titled “Clarification of Decision B.11/11 with respect to deadlines for general conditions”:

- (a) Recalls that eight funding proposals were approved in Decision B.11/11, subject to the general conditions in Table 1 of the Annex I to that decision,
- (b) Notes that general condition (iii) under the heading ‘Conditions to be met prior to the execution of the funded activity agreement’ requires that all accredited entities must obtain all final internal approvals to implement the project or programme, and a legal opinion/certificate confirming this within 120 days after Board approval,
- (c) Notes further that some accredited entities can only commence internal processes to fulfil condition (iii) once an Accreditation Master Agreement (AMA) has been signed by the GCF and the accredited entity in accordance with condition (i) of the same list,
- (d) Decides to clarify that in respect of an accredited entity, the 120 day period in condition (iii) will only commence once an AMA has been executed between the GCF and such entity.

### **DECISION B.11/11 (q) to (bb): Consideration of funding proposals**

(Note: Paragraphs (a) to (p) to Decision B.11/11 can be found under the Proposal Approval Process in Chapter I, see\*DECISION B.11/11 (a) to (p): Matters related to the proposal approval process )

The Board, having considered document GCF/B.11/04 titled “Consideration of funding proposals” and its related addenda, as well as matters related to the proposal approval process:

- (q) Takes note of the following funding proposals:
  - (i) Funding proposal 001 titled “Building the Resilience of Wetlands in the Province of Datem del Marañón in Peru” (submitted by Profonanpe), as contained in document GCF/B.11/04/Add.01;
  - (ii) Funding proposal 002 titled “Scaling Up the Use of Modernized Climate Information and Early Warning Systems in Malawi” (submitted by the United Nations Development Programme), as contained in document GCF/B.11/04/Add.02;
  - (iii) Funding proposal 003 titled “Increasing the Resilience of Ecosystems and Communities through the Restoration of the Productive Bases of Salinized Lands in Senegal” (submitted by Centre de Suivi Ecologique), as contained in document GCF/B.11/04/Add.03;
  - (iv) Funding proposal 004 titled “Climate Resilient Infrastructure Mainstreaming in Bangladesh” (submitted by KfW Development Bank), as contained in document GCF/B.11/04/Add.04;
  - (v) Funding proposal 005 titled “KawiSafi Ventures Fund” (submitted by Acumen), as contained in document GCF/B.11/04/Add.05/Rev.05;
  - (vi) Funding proposal 006 titled “Energy Efficiency Green Bond in Latin America and the Caribbean” (submitted by the Inter-American Development Bank), as contained in document GCF/B.11/04/Add.06;
  - (vii) Funding proposal 007 titled “Supporting Vulnerable Communities in Maldives to Manage Climate Change-Induced Water Shortages” (submitted by the United Nations Development Programme), as contained in document GCF/B.11/04/Add.07; and
  - (viii) Funding proposal 008 titled “Urban Water Supply and Wastewater Management Project in Fiji” (submitted by the Asian Development Bank), as contained in document GCF/B.11/04/Add.08;
- (r) Approves, contingent on the fulfilment of the conditions and due consideration of the recommendations as contained in Annex to this decision, the amount of USD 6.24 million in grants for the project titled “Building the Resilience of Wetlands in the Province of Datem del Marañón in Peru”, submitted by Profonanpe;
- (s) Approves, contingent on the due consideration of the recommendations as contained in Annex to this decision, the amount of USD 12.295 million in grants for the project titled “Scaling Up the Use of Modernized Climate Information and Early Warning Systems in Malawi”, submitted by the United Nations Development Programme;
- (t) Approves, contingent on the fulfilment of the conditions and due consideration of the recommendations as contained in Annex to this decision, the amount of USD 7.61 million in grants for the project titled “Increasing the Resilience of Ecosystems and Communities through the Restoration of the Productive Bases of Salinized Lands in Senegal”, submitted by Centre de Suivi Ecologique;
- (u) Approves, contingent on the fulfilment of the conditions and due consideration of the recommendations as contained in Annex to this decision, the amount of USD 40 million in grants for the project titled “Climate Resilient Infrastructure Mainstreaming in Bangladesh”, submitted by KfW Development Bank;
- (v) Approves, contingent on the fulfilment of the conditions as contained in Annex to this decision, the amount of USD 20 million in equity and, subject to Acumen’s upgrade of the

accreditation type for the specialized fiduciary standard for grant award and/or funding allocation mechanisms, USD 5 million in grants for the programme titled “KawiSafi Ventures Fund”, submitted by Acumen;

- (w) Approves, contingent on the fulfilment of the conditions and due consideration of the recommendations as contained in Annex to this decision, the amount of USD 20 million of guarantee for the pilot phase in Mexico and USD 2 million as a programme development grant for the programme titled “Energy Efficiency Green Bond in Latin America and the Caribbean” in Colombia, the Dominican Republic and Jamaica, submitted by the Inter-American Development Bank;
- (x) Approves, contingent on the fulfilment of the conditions and due consideration of the recommendations as contained in Annex to this decision, the allocation of USD 195 million for the next phases of the programme titled “Energy Efficiency Green Bond in Latin America and the Caribbean”, to be committed, subject to funding approval by the Board, in several tranches over the course of the next five years;
- (y) Approves, contingent on the due consideration of the recommendation as contained in Annex to this decision, the amount of USD 23.64 million in grants for the project titled “Supporting Vulnerable Communities in Maldives to Manage Climate Change-Induced Water Shortages”, submitted by the United Nations Development Programme;
- (z) Approves the amount of USD 31.04 million in grants for the project titled “Urban Water Supply and Wastewater Management Project in Fiji”, submitted by the Asian Development Bank;
- (aa) Reaffirms that pursuant to decision B.07/03, Annex VII, the Executive Director or her designee is authorized to negotiate and enter into legal agreements on behalf of the GCF with accredited entities in respect of funding proposals approved by the Board, taking into account any condition set by the Board in this decision and in the decision accrediting the relevant accredited entity; and
- (bb) 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 interim policy on fees for accredited entities.

(The Annex mentioned in Decision B.11/11 can be found at the following link:

[https://www.greenclimate.fund/documents/20182/87610/GCF\\_B.11\\_25\\_-\\_Report\\_of\\_the\\_eleventh\\_meeting\\_of\\_the\\_Board\\_2\\_5\\_November\\_2015.pdf/0fa938b0-59aa-4126-b448-14f35e913e96](https://www.greenclimate.fund/documents/20182/87610/GCF_B.11_25_-_Report_of_the_eleventh_meeting_of_the_Board_2_5_November_2015.pdf/0fa938b0-59aa-4126-b448-14f35e913e96) )

# **ANNEXES**

## ANNEXES

## I. LIST OF ACCREDITED ENTITIES TO THE GREEN CLIMATE FUND (AS AT NOVEMBER 2019)

Entity	Acronym	Accredited through Decision No.
<b>A</b>		
Acumen Fund, Inc.	(Acumen)	B.09/07
Africa Finance Corporation	(AFC)	B.10/06
African Development Bank	(AfDB)	B.12/30
Agence Française de Développement	(AFD)	B.10/06
Agency for Agricultural Development of Morocco	(ADA)	B.12/30
Alternative Energy Promotion Centre	(AEPC)	B.22/09
Asian Development Bank	(ADB)	B.09/07
Attijariwafa Bank	(AWB)	B.22/09
Austrian Development Agency	(ADA)	B.21/16
<b>B</b>		
Banco Nacional de Desenvolvimento Econômico e Social	(BNDES, the Brazilian Development Bank)	B.23/13
Banque Ouest Africaine de Développement	(BOAD)	B.14/10
BNP Paribas S.A.	(BNP Paribas)	B.21/16
<b>C</b>		
Caixa Economica Federal	(CEF)	B.21/16
Caribbean Community Climate Change Centre	(CCCCC)	B.10/06
Caribbean Development Bank	(CDB)	B.14/10
Cassa Depositi e Prestiti S.p.A.	(CDP)	B.24/11
CDG Capital S.A.	(CDG Capital)	B.17/13
Central American Bank for Economic Integration	(CABEI)	B.15/09
Centre de Suivi Ecologique	(CSE)	B.09/07
China Clean Development Mechanism Fund Management Center	(China CDM Fund Management Center)	B.18/05
Compañía Española de Financiación del Desarrollo S.A. S.M.E.	(COFIDES)	B.21/16
Conservation International Foundation	(CI)	B.10/06
Consortium of International Agricultural Research Centers	(CGIAR)	B.21/16
Corporación Andina de Fomento	(CAF)	B.10/06
CRDB Bank Limited	(CRDB)	B.24/11
Crédit Agricole Corporate and Investment Bank	(Crédit Agricole CIB)	B.12/30
<b>D</b>		
Department of Environment of Antigua and Barbuda	(DOE)	B.18/05
Deutsche Bank AktienGesellschaft	(Deutsche Bank AG)	B.10/06
Deutsche Gesellschaft für Internationale Zusammenarbeit	(GIZ)	B.14/10

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Entity	Acronym	Accredited through Decision No.
(GIZ) GmbH		
Development Bank of Southern Africa	(DBSA)	B.12/30
<b>E</b>		
Ecobank Ghana Limited	(EGH)	B.23/13
Enabel		B.23/13
Environmental Investment Fund of Namibia	(EIF)	B.10/06
Environmental Project Implementation Unit	(EPIU)	B.22/09
European Bank for Reconstruction and Development	(EBRD)	B.10/06
European Investment Bank	(EIB)	B.12/30
<b>F</b>		
Fiji Development Bank	(FDB)	B.18/05
Financiera De Desarrollo Territorial S.A.	(Findeter)	B.21/16
Finanzas y Negocios Servicios Financieros Limitada	(FYNSA)	B.24/11
Fondo Mexicano para la Conservacion de la Naturaleza A.C.	(FMCN)	B.22/09
Fondo para la Acción Ambiental y la Niñez	(Fondo Acción)	B.21/16
Food and Agriculture Organization of the United Nations	(FAO)	B.14/11
Foreign Economic Cooperation Office	(FECO)	B.15/09
Fundación Avina	(Fundación Avina)	B.15/09
Fundo Brasileiro para a Biodiversidade	(Funbio)	B.21/16
<b>H</b>		
HSBC Holdings plc and its subsidiaries	(HSBC)	B.12/30
<b>I</b>		
IDFC Bank Limited	(IDFC Bank)	B.21/16
IL&FS Environmental Infrastructure and Services Limited	(IEISL)	B.24/11
Infrastructure Development Company Limited	(IDCOL)	B.17/13, B.23/13
Inter-American Development Bank	(IDB)	B.10/06
Inter-American Investment Corporation	(IDB Invest)	B.21/16
International Bank for Reconstruction and Development and International Development Association	(World Bank)	B.10/06
International Finance Corporation	(IFC)	B.12/30
International Fund for Agricultural Development	(IFAD)	B.14/11
International Union for Conservation of Nature	(IUCN)	B.12/30
<b>J</b>		
Japan International Cooperation Agency	(JICA)	B.17/13
JS Bank Limited	(JS Bank)	B.22/09
<b>K</b>		
Korea Development Bank	(KDB)	B.15/09
Kreditanstalt für Wiederaufbau	(KfW)	B.09/07
LandBank of the Philippines	(LandBank)	B.21/16
<b>L</b>		
Luxembourg Agency for Development Cooperation	(LuxDev)	B.22/09
<b>M</b>		
Macquarie Alternative Assets Management Limited	(MAAML)	B.22/09

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Entity	Acronym	Accredited through Decision No.
Micronesia Conservation Trust	(MCT)	B.17/13
Ministry of Finance and Economic Cooperation of the Federal Democratic, Republic of Ethiopia	(MOFEC)	B.12/30
Ministry of Finance and Economic Management, Cook Islands	(MFEM)	B.21/16
Ministry of Natural Resources of Rwanda	(MINIRENA)	B.10/06
Ministry of Water and Environment of Uganda	(MWE)	B.23/13
MUFG Bank, Ltd (formerly, Bank of Tokyo-Mitsubishi UFJ, Ltd.)	(MUFG Bank (formerly, BTMU))	B.17/13
<b>N</b>		
National Bank for Agriculture and Rural Development	(NABARD)	B.10/06
National Committee for Sub-National Democratic Development Secretariat	(NCDDS)	B.24/11
National Environment Management Authority of Kenya	(NEMA)	B.12/30
National Fund for Environment and Climate	(FNEC)	B.22/09
National Rural Support Programme	(NRSP)	B.21/16
Nederlandse Financierings-Maatschappij voor Ontwikkelingslanden N.V.	(FMO)	B.14/11
Nordic Environment Finance Corporation	(NEFCO)	B.21/1`6
<b>P</b>		
Pacific Community	(SPC)	B.22/09
Palli Karma-Sahayak Foundation	(PKSF)	B.18/05
Pegasus Capital Advisors	(PCA)	B.21/16
Peruvian Trust Fund for National Parks and Protected Areas	(Profonanpe)	B.09/07, B.21/16(d)
Protected Areas Conservation Trust	(PACT)	B.21/16
PT Sarana Multi Infrastruktur	(PT SMI)	B.15/09
<b>S</b>		
Sahara and Sahel Observatory	(OSS)	B.18/05
Save the Children Australia	(SCA)	B.24/11
Secretariat of the Pacific Regional Environment Programme	(SPREP)	B.09/07, B23/13
Small Industries Development Bank of India	(SIDBI)	B.17/13
Société de Promotion et de Participation pour la Coopération	(PROPARCO)	B.15/09
South African National Biodiversity Institute	(SANBI)	B.14/11
<b>U</b>		
Unidad Para el Cambio Rural (Unit for Rural Change) of Argentina	(UCAR)	B.12/30
United Nations Development Programme	(UNDP)	B.09/07
United Nations Environment Programme	(UNEP)	B.10/06 B.22/09(c) & (d)
<b>W</b>		
World Food Programme	(WFP)	B.12/30
World Meteorological Organization	(WMO)	B.12/30
World Wildlife Fund, Inc.	(WWF)	B.15/09

**X**

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## Annexes

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	<b>Entity</b>	<b>Acronym</b>	<b>Accredited through Decision No.</b>
<b>Y</b>	XacBank LLC	(XacBank)	B.14/10
	Yes Bank Limited	(Yes Bank)	B.24/11

## II. DECISIONS ON SCHEDULING OF BOARD MEETINGS

Decision number	Meeting of the Board	Link
B.24/16	Twenty-fourth	<a href="https://www.greenclimate.fund/documents/20182/1908411/GCF_B.24_17_-_Decisions_of_the_Board_twenty-fourth_meeting_of_the_Board_12_14_November_2019.pdf/b456ef92-b472-c83c-822d-992e284e3330">https://www.greenclimate.fund/documents/20182/1908411/GCF_B.24_17 - Decisions of the Board twenty-fourth meeting of the Board 12 14 November 2019.pdf/b456ef92-b472-c83c-822d-992e284e3330</a>
B.23/18	Twenty-third	<a href="https://www.greenclimate.fund/documents/20182/1674504/GCF_B.23_23_-_Decisions_of_the_Board_twenty-third_meeting_of_the_Board_6_8_July_2019.pdf/de0260d1-736f-0dbf-695c-06684f805ad9">https://www.greenclimate.fund/documents/20182/1674504/GCF_B.23_23 - Decisions of the Board twenty-third meeting of the Board 6 8 July 2019.pdf/de0260d1-736f-0dbf-695c-06684f805ad9</a>
B.22/23	Twenty-second	<a href="https://www.greenclimate.fund/documents/20182/1424894/GCF_B.22_24_-_Decisions_of_the_Board_twenty-second_meeting_of_the_Board_25_28_February_2019.pdf/1f2149d0-0bed-9b1e-9f14-0ca3e2a65b0a">https://www.greenclimate.fund/documents/20182/1424894/GCF_B.22_24 - Decisions of the Board twenty-second meeting of the Board 25 28 February 2019.pdf/1f2149d0-0bed-9b1e-9f14-0ca3e2a65b0a</a>
B.BM-2018/18	Between 21 <sup>st</sup> and 22 <sup>nd</sup> meetings of the Board	<a href="https://www.greenclimate.fund/documents/20182/996612/B.BM-2018_18_-_Decision_of_the_Board_on_the_dates_for_the_twenty-third_and_twenty-fourth_meetings_of_the_Board.pdf/7a994baa-4812-e9b1-4beb-c85a1e7b4cb2">https://www.greenclimate.fund/documents/20182/996612/B.BM-2018_18 - Decision of the Board on the dates for the twenty-third and twenty-fourth meetings of the Board.pdf/7a994baa-4812-e9b1-4beb-c85a1e7b4cb2</a>
B.21/19	Twenty-first	<a href="https://www.greenclimate.fund/documents/20182/1270184/GCF_B.21_34_-_Decisions_of_the_Board_twenty-first_meeting_of_the_Board_17_20_October_2018.pdf/b57193ac-c7ee-5d50-f051-d56f5552a469">https://www.greenclimate.fund/documents/20182/1270184/GCF_B.21_34 - Decisions of the Board twenty-first meeting of the Board 17 20 October 2018.pdf/b57193ac-c7ee-5d50-f051-d56f5552a469</a>
B.20/08	Twentieth	<a href="https://www.greenclimate.fund/documents/20182/1087995/GCF_B.20_25_-_Decisions_of_the_Board_twentieth_meeting_of_the_Board_1_4_July_2018.pdf/80c9b411-a25d-7106-00d6-5cf2c9d5cb15">https://www.greenclimate.fund/documents/20182/1087995/GCF_B.20_25 Decisions of the Board twentieth meeting of the Board 1 4 July 2018.pdf/80c9b411-a25d-7106-00d6-5cf2c9d5cb15</a>
B.19/22	Nineteenth	<a href="https://www.greenclimate.fund/documents/20182/953917/GCF_B.19_4_3_-_Decisions_of_the_Board_nineteenth_meeting_of_the_Board_26_February_1_March_2018.pdf/350a95f3-c122-512b-e8c1-bfd1629fa60c">https://www.greenclimate.fund/documents/20182/953917/GCF_B.19_4_3 Decisions of the Board nineteenth meeting of the Board 26 February 1 March 2018.pdf/350a95f3-c122-512b-e8c1-bfd1629fa60c</a>
B.18/13	Eighteenth	<a href="https://www.greenclimate.fund/documents/20182/820027/GCF_B.18_2_3_-_Decisions_of_the_Board_eighteenth_meeting_of_the_Board_30_September_2_October_2017.pdf/b55d8183-005c-4518-91dc-152113506766">https://www.greenclimate.fund/documents/20182/820027/GCF_B.18_2_3 Decisions of the Board eighteenth meeting of the Board 30 September 2 October 2017.pdf/b55d8183-005c-4518-91dc-152113506766</a>
B.17/24	Seventeenth	<a href="https://www.greenclimate.fund/documents/20182/751020/GCF_B.17_2_1_-_Decisions_of_the_Board_seventeenth_meeting_of_the_Board_5_6_July_2017.pdf/95256895-d699-404e-b3c0-a46b2558ceaf">https://www.greenclimate.fund/documents/20182/751020/GCF_B.17_2_1 Decisions of the Board seventeenth meeting of the Board 5 6 July 2017.pdf/95256895-d699-404e-b3c0-a46b2558ceaf</a>
B.BM-2017/07	Between 16 <sup>th</sup> and 17 <sup>th</sup> meetings of the Board	<a href="https://www.greenclimate.fund/documents/20182/620292/B.BM-2017_07_-_Decision_of_the_Board_on_dates_of_the_seventeenth_meeting_of_the_Board.pdf/4c5b8b8d-e6a5-4d8e-91c9-52f5e0897466">https://www.greenclimate.fund/documents/20182/620292/B.BM-2017_07 Decision of the Board on dates of the seventeenth meeting of the Board.pdf/4c5b8b8d-e6a5-4d8e-91c9-52f5e0897466</a>
B.16/08	Sixteenth	<a href="https://www.greenclimate.fund/documents/20182/584114/GCF_B.16_2_3_-_Decisions_of_the_Board_sixteenth_meeting_of_the_Board_4_6_April_2017.pdf/64e73375-d716-491f-9a1e-e35e9d0b83bd">https://www.greenclimate.fund/documents/20182/584114/GCF_B.16_2_3 Decisions of the Board sixteenth meeting of the Board 4 6 April 2017.pdf/64e73375-d716-491f-9a1e-e35e9d0b83bd</a>
B.15/17	Fifteenth	<a href="https://www.greenclimate.fund/documents/20182/490910/GCF_B.15_2_4_-_Decisions_of_the_Board_fifteenth_meeting_of_the_Board_13-15_December_2016.pdf/8726fc1c-15fc-4a2e-90fb-23267b3f8ea5">https://www.greenclimate.fund/documents/20182/490910/GCF_B.15_2_4 - Decisions of the Board fifteenth meeting of the Board 13-15 December 2016.pdf/8726fc1c-15fc-4a2e-90fb-23267b3f8ea5</a>

## Annexes

<b>Decision number</b>	<b>Meeting of the Board</b>	<b>Link</b>
B.14/15	Fourteenth	<a href="https://www.greenclimate.fund/documents/20182/409835/GCF_B.14_17_-_Decisions_of_the_Board_fourteenth_meeting_of_the_Board_12-14_October_2016.pdf/da61a7d6-f3dc-4342-a744-a03257a33ed7">https://www.greenclimate.fund/documents/20182/409835/GCF_B.14_17_-_Decisions_of_the_Board_fourteenth_meeting_of_the_Board_12-14_October_2016.pdf/da61a7d6-f3dc-4342-a744-a03257a33ed7</a>
B.13/39	Thirteenth	<a href="https://www.greenclimate.fund/documents/20182/226888/GCF_B.13_32_Rev.01_-_Decisions_of_the_Board_thirteenth_meeting_of_the_Board_28-30_June_2016.pdf/c93a0291-28c1-4bfc-bc22-cf4c590c3c83">https://www.greenclimate.fund/documents/20182/226888/GCF_B.13_32_Rev.01_-_Decisions_of_the_Board_thirteenth_meeting_of_the_Board_28-30_June_2016.pdf/c93a0291-28c1-4bfc-bc22-cf4c590c3c83</a>
B.12/41	Twelfth	<a href="https://www.greenclimate.fund/documents/20182/184476/GCF_B.12_32_Decisions_of_the_Board_Twelfth_Meeting_of_the_Board_8_10_March_2016.pdf/020edfa1-53b2-4abf-af78-fccf5628db2a">https://www.greenclimate.fund/documents/20182/184476/GCF_B.12_32_Decisions_of_the_Board_Twelfth_Meeting_of_the_Board_8_10_March_2016.pdf/020edfa1-53b2-4abf-af78-fccf5628db2a</a>
B.BM-2016/03	Between 11 <sup>th</sup> and 12 <sup>th</sup> meetings of the Board	<a href="https://www.greenclimate.fund/documents/20182/183823/B.BM-2016_03_Dates_and_venue_for_the_fifteenth_meeting_of_the_Board.pdf/85ab3a9e-1238-40c4-aa6e-20c93e78bae5">https://www.greenclimate.fund/documents/20182/183823/B.BM-2016_03_Dates_and_venue_for_the_fifteenth_meeting_of_the_Board.pdf/85ab3a9e-1238-40c4-aa6e-20c93e78bae5</a>
B.11/13	Eleventh	<a href="https://www.greenclimate.fund/documents/20182/76153/DECISION_B.11_13_Date_and_venue_of_the_next_meeting_of_the_Board_of_the_Green_Climate_Fund.pdf/b57764e5-6de2-49d0-9d50-ad39bc73a6ed">https://www.greenclimate.fund/documents/20182/76153/DECISION_B.11_13_Date_and_venue_of_the_next_meeting_of_the_Board_of_the_Green_Climate_Fund.pdf/b57764e5-6de2-49d0-9d50-ad39bc73a6ed</a>
B.BM-2015/08	Between 10 <sup>th</sup> and 11 <sup>th</sup> meetings of the Board	<a href="https://www.greenclimate.fund/documents/20182/24964/B.BM-2015_08_Decision_of_the_Board_on_the_Dates_of_the_Eleventh_Meeting_of_the_Board.pdf/da8722c2-54ad-479f-a065-774f3a9112e6">https://www.greenclimate.fund/documents/20182/24964/B.BM-2015_08_Decision_of_the_Board_on_the_Dates_of_the_Eleventh_Meeting_of_the_Board.pdf/da8722c2-54ad-479f-a065-774f3a9112e6</a>
B.10/19	Tenth	<a href="https://www.greenclimate.fund/documents/20182/24952/GCF_B.10_17_-_Decisions_of_the_Board_-_Tenth_Meeting_of_the_Board_6-9_July_2015.pdf/1238c5ad-8686-4cf9-a401-aa4893818215">https://www.greenclimate.fund/documents/20182/24952/GCF_B.10_17_-_Decisions_of_the_Board_-_Tenth_Meeting_of_the_Board_6-9_July_2015.pdf/1238c5ad-8686-4cf9-a401-aa4893818215</a>
B.09/13	Ninth	<a href="https://www.greenclimate.fund/documents/20182/24949/GCF_B.09_23_-_Decisions_of_the_Board_Ninth_Meeting_of_the_Board_24_-26_March_2015.pdf/2f71ce99-7aef-4b04-8799-15975a1f66ef">https://www.greenclimate.fund/documents/20182/24949/GCF_B.09_23_-_Decisions_of_the_Board_Ninth_Meeting_of_the_Board_24_-26_March_2015.pdf/2f71ce99-7aef-4b04-8799-15975a1f66ef</a>
B.BM-2014/06	Between 8 <sup>th</sup> and 9 <sup>th</sup> meetings of the Board	<a href="https://www.greenclimate.fund/documents/20182/24964/B.BM-2014_06_Decision_of_the_Board_on_the_Date_and_the_Venue_of_the_Ninth_Meeting_of_the_Board.pdf/f2385dd8-0c58-4da7-aabf-6177cc5199f6">https://www.greenclimate.fund/documents/20182/24964/B.BM-2014_06_Decision_of_the_Board_on_the_Date_and_the_Venue_of_the_Ninth_Meeting_of_the_Board.pdf/f2385dd8-0c58-4da7-aabf-6177cc5199f6</a>
B.08/25	Eighth	<a href="https://www.greenclimate.fund/documents/20182/24946/GCF_B.08_45_-_Decisions_of_the_Board_-_Eighth_Meeting_of_the_Board_14-17_October_2014.pdf/1dd5389c-5955-4243-90c9-7c63e810c86d">https://www.greenclimate.fund/documents/20182/24946/GCF_B.08_45_-_Decisions_of_the_Board_-_Eighth_Meeting_of_the_Board_14-17_October_2014.pdf/1dd5389c-5955-4243-90c9-7c63e810c86d</a>
B.BM-2014/05	Between 7 <sup>th</sup> and 8 <sup>th</sup> meetings of the Board	<a href="https://www.greenclimate.fund/documents/20182/24961/B.BM-2014_05_Decision_of_the_Board_on_Addition_of_One_Day_to_the_Schedule_of_the_Eighth_Meeting_of_the_Board.pdf/9c2797ab-2352-411c-8f64-0787df8eb1f0">https://www.greenclimate.fund/documents/20182/24961/B.BM-2014_05_Decision_of_the_Board_on_Addition_of_One_Day_to_the_Schedule_of_the_Eighth_Meeting_of_the_Board.pdf/9c2797ab-2352-411c-8f64-0787df8eb1f0</a>
B.07/11	Seventh	<a href="https://www.greenclimate.fund/documents/20182/24943/GCF_B.07_11_-_Decisions_of_the_Board_-_Seventh_Meeting_of_the_Board_18-21_May_2014.pdf/73c63432-2cb1-4210-9bdd-454b52b2846b">https://www.greenclimate.fund/documents/20182/24943/GCF_B.07_11_-_Decisions_of_the_Board_-_Seventh_Meeting_of_the_Board_18-21_May_2014.pdf/73c63432-2cb1-4210-9bdd-454b52b2846b</a>
B.06/13	Sixth	<a href="https://www.greenclimate.fund/documents/20182/24940/GCF_B.06_18_-_Decisions_of_the_Board_-_Sixth_Meeting_of_the_Board_19-21_February_2014.pdf/0ba2bfb2-9cbe-41e1-83a6-c5d5662fb463">https://www.greenclimate.fund/documents/20182/24940/GCF_B.06_18_-_Decisions_of_the_Board_-_Sixth_Meeting_of_the_Board_19-21_February_2014.pdf/0ba2bfb2-9cbe-41e1-83a6-c5d5662fb463</a>
B.05/24	Fifth	<a href="https://www.greenclimate.fund/documents/20182/24937/GCF_B.05_23_-_Decisions_of_the_Board_-_Fifth_Meeting_of_the_Board_8-10_October_2013.pdf/ea60c39e-444d-4505-86b7-e87eecd94fb3">https://www.greenclimate.fund/documents/20182/24937/GCF_B.05_23_-_Decisions_of_the_Board_-_Fifth_Meeting_of_the_Board_8-10_October_2013.pdf/ea60c39e-444d-4505-86b7-e87eecd94fb3</a>

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## Annexes

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<b>Decision number</b>	<b>Meeting of the Board</b>	<b>Link</b>
B.04/17	Fourth	<a href="https://www.greenclimate.fund/documents/20182/24934/GCF_B.04_17_-_Decisions_of_the_Board_-_Fourth_Meeting_of_the_Board_26-28_June_2013.pdf/bc26b899-0372-41b3-bac8-937031aaaf53">https://www.greenclimate.fund/documents/20182/24934/GCF B.04 17 - Decisions of the Board - Fourth Meeting of the Board 26-28 June 2013.pdf/bc26b899-0372-41b3-bac8-937031aaaf53</a>
B.01-13/13	Third	<a href="https://www.greenclimate.fund/documents/20182/24931/GCF_B.01-13_12_-_Decisions_of_the_Board_-_Third_Meeting_of_the_Board_13-15_March_2013.pdf/05f6e4ae-3c80-455c-90c7-4b5750c234a4">https://www.greenclimate.fund/documents/20182/24931/GCF B.01-13 12 - Decisions of the Board - Third Meeting of the Board 13-15 March 2013.pdf/05f6e4ae-3c80-455c-90c7-4b5750c234a4</a>

**III. DECISIONS ON ADOPTION OF REPORTS OF MEETINGS OF THE BOARD**

<b>Report of the:</b>	<b>Approved by decision:</b>	<b>At the:</b>
First Meeting	B.02-12/01	Second Meeting
Second Meeting	No decision number	Third Meeting
Third Meeting	B.04/01	Fourth Meeting
Fourth Meeting	B.05/02	Fifth Meeting
Fifth Meeting	B.06/01	Sixth Meeting
Sixth Meeting	B.07/01	Seventh Meeting
Seventh Meeting	B.08/01	Eighth Meeting
Eighth Meeting	B.09/01	Ninth Meeting
Ninth Meeting	B.10/01	Tenth Meeting

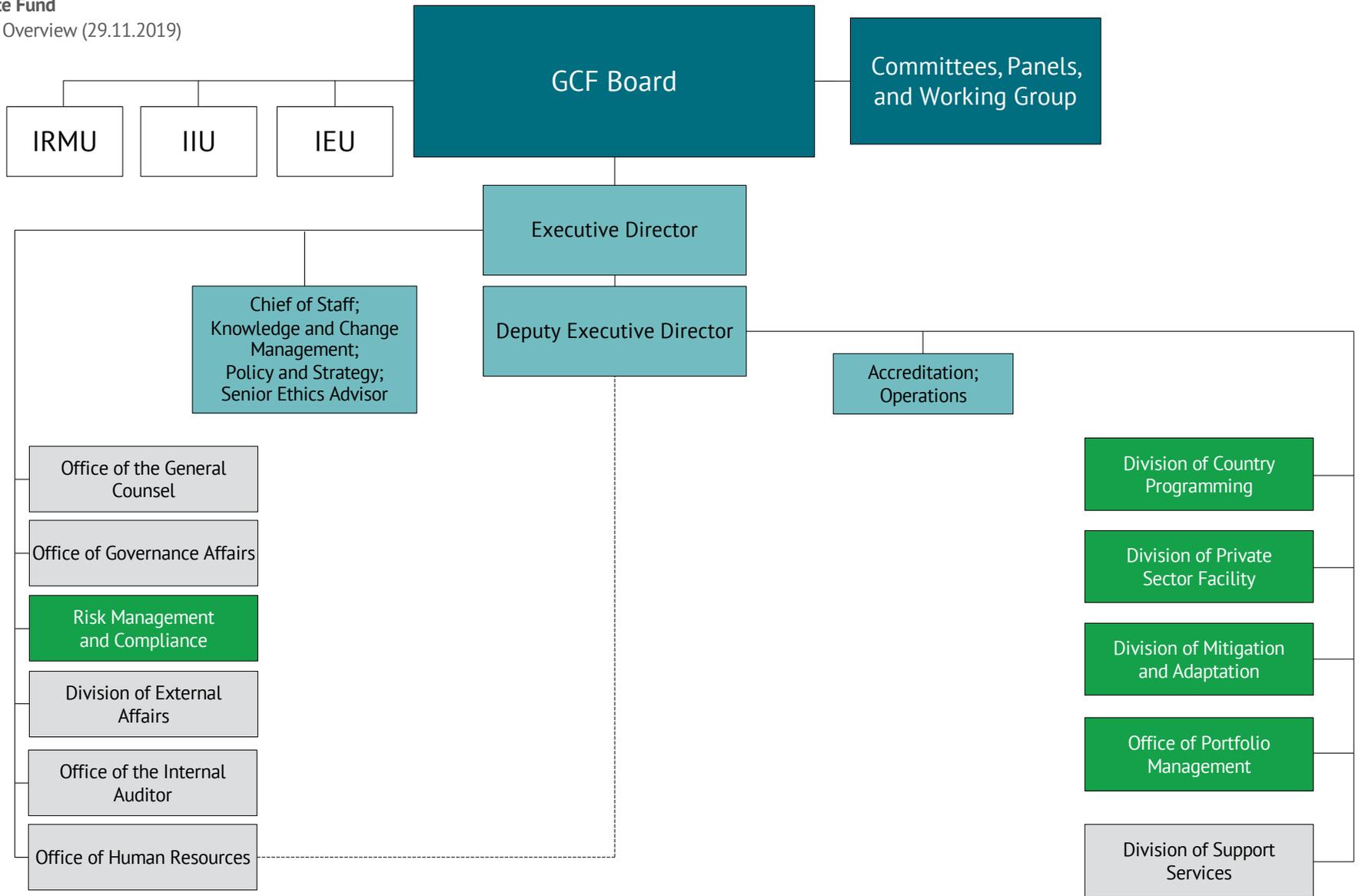
Note: The report of the Second Meeting of the Board and those subsequent to the Ninth Meeting of the Board were not adopted through a decision.

IV. SECRETARIAT'S ORGANIZATIONAL CHART AND STAFFING (AS AT JANUARY 2020)



Green Climate Fund  
Organogram Overview (29.11.2019)

- Governance
- Independent units
- OED units
- Corporate
- Programming



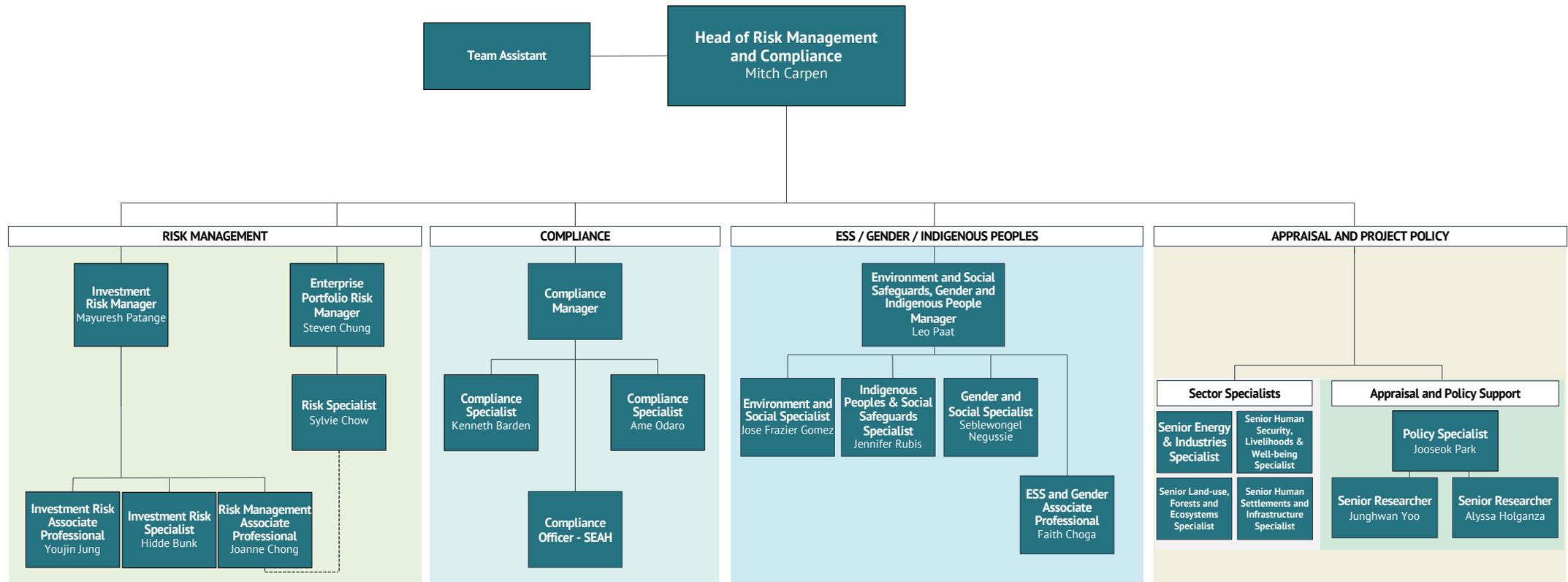
## Annexes



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### Office of Risk Management and Compliance

The Office of Risk Management and Compliance mission is to create and manage a comprehensive risk, compliance and ESS frameworks using best practices to perform our fiduciary responsibilities and to anticipate, identify, prioritize, manage, and monitor the portfolio of business risks impacting GCF. Establish and implement policies which guide and facilitate risk, compliance and ESS practices, competencies, accountability, processes and procedures while using enabling technologies. We provide expert advice and solutions to successfully execute GCF's mission. Ensure all investments meet the Fund's investment criteria, are within its risk tolerances and comply with environmental, social and governance safeguards in order to provide assurance to the Investment Committee and Board that impact is achievable without compromising the Fund's reputation.



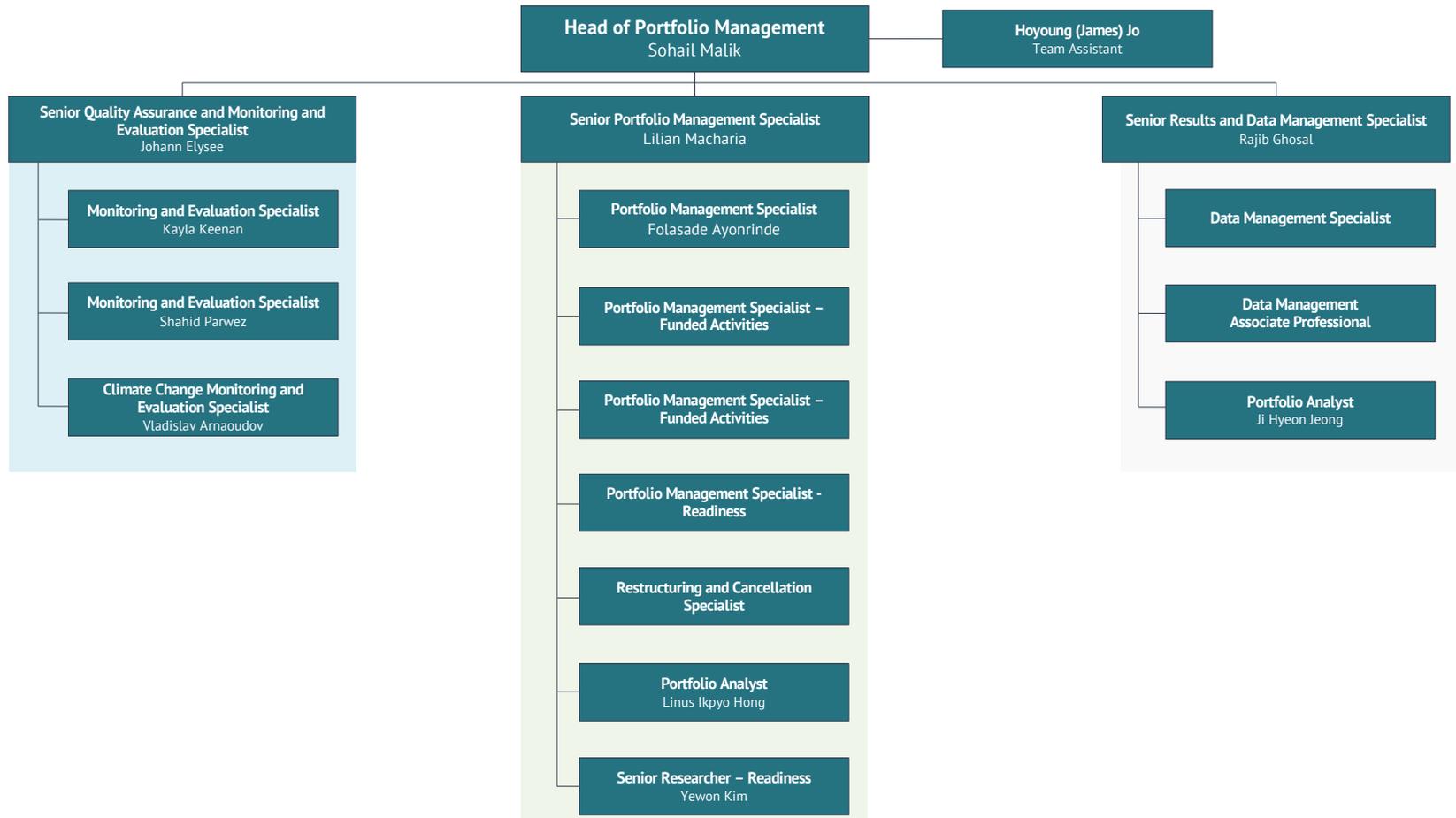
## Annexes



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### Office of Portfolio Management

The Office of Portfolio Management ensures timely delivery of projects/programs and that GCF learns from experience to deliver sustainable results through adaptive management approaches which identify problems and improve project execution in line with GCF objectives.



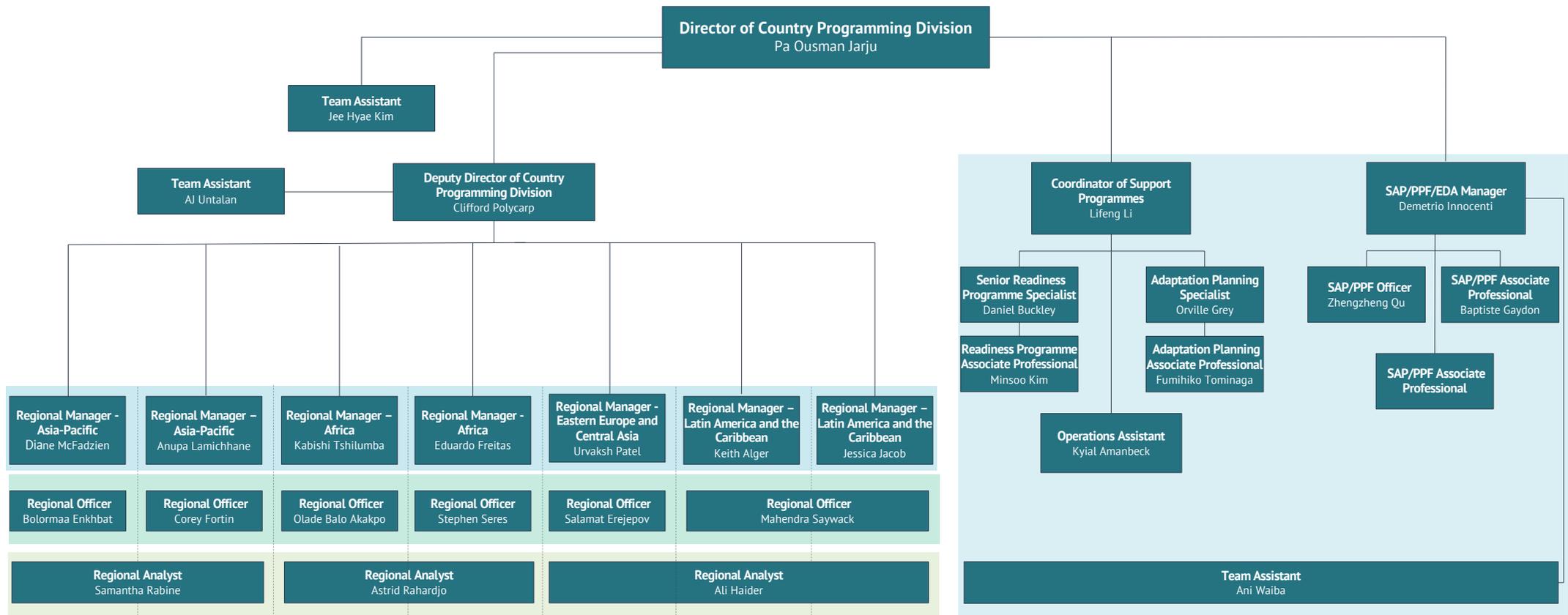
## Annexes



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### Division of Country Programming

The Division of Country Programming's mission is to support developing countries, including their direct access entities, to plan, identify, design and implement country-driven, transformational climate investments.

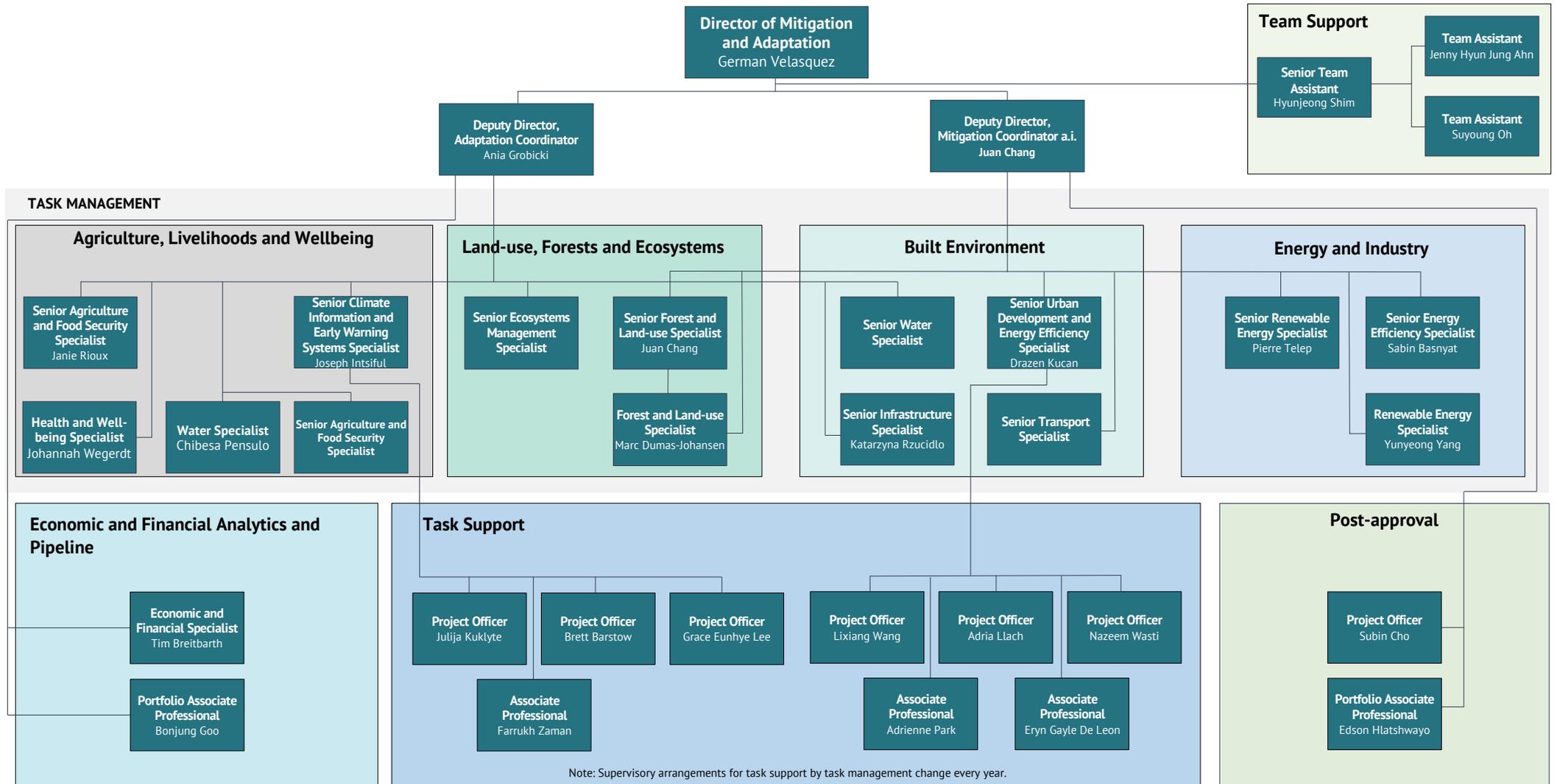


# Annexes



## Division of Mitigation and Adaptation

The Division of Mitigation and Adaptation provides technical expertise across all eight mitigation and adaptation results areas for both public and private sector CNs and funding proposals. The Division also leads the preparation and review of public sector CNs and funding proposals. It assists NDAs and AEs in the development and structuring of projects and plays a critical role in finalizing the FAAs following project approval to enable projects to start implementation. In addition, DMA is responsible for managing the GCF REDD-plus results-based payments pilot programme. Finally, it carries out technical reviews of and provides input for PPF applications and draft country and entity work programmes.

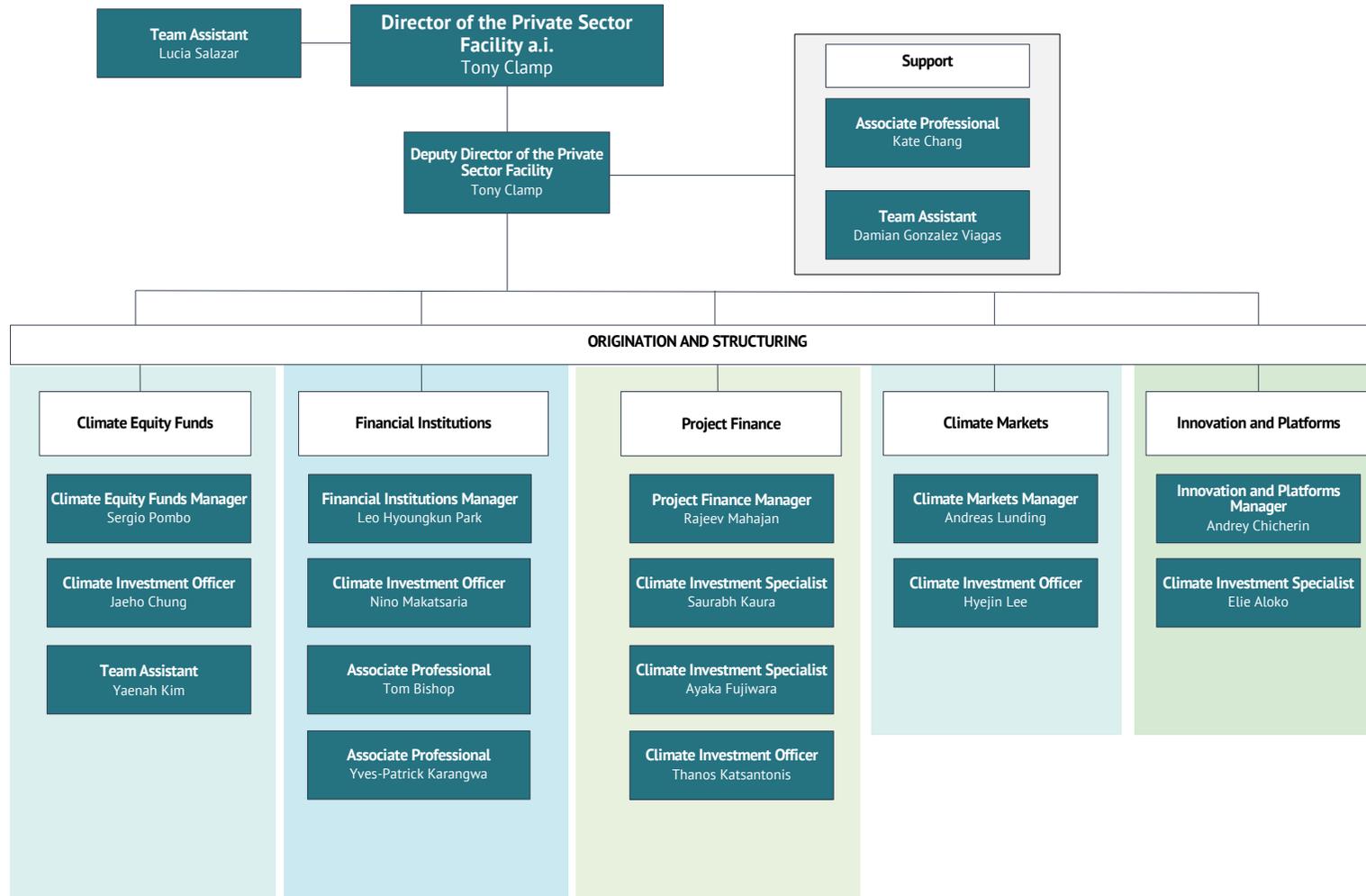


## Annexes



### Division of Private Sector Facility

The Private Sector Facility's mission is to engage the local and international private sector to support climate change mitigation and adaptation projects in developing countries. Its role is to fund highly transformative projects and mobilize private and institutional investment to de-risk and support climate change action.



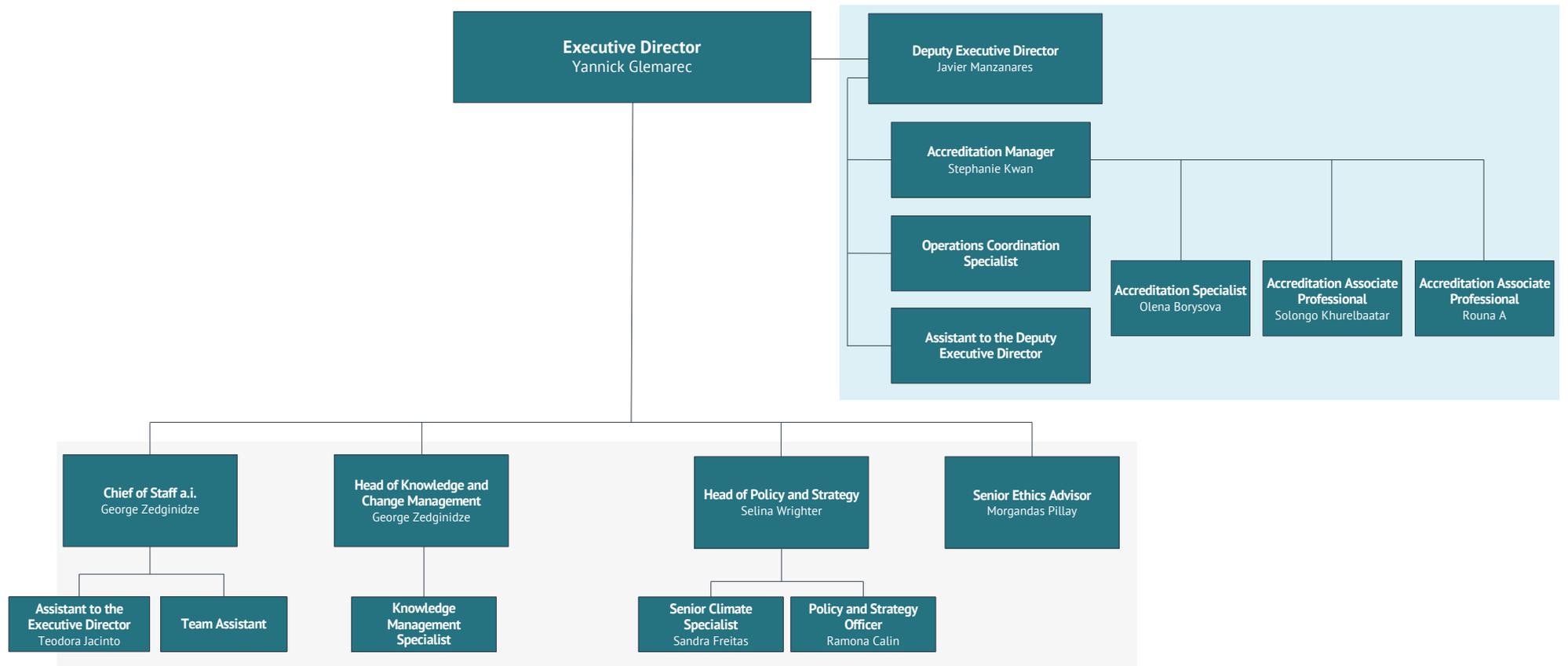
## Annexes



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### Office of the Executive Director

The Office of the Executive Director is responsible for overall management of the Secretariat. This includes strategic leadership and direction-setting in policy and planning; oversight of operations, programming, and partnership development; coordination of knowledge management; and support to accreditation of entities.

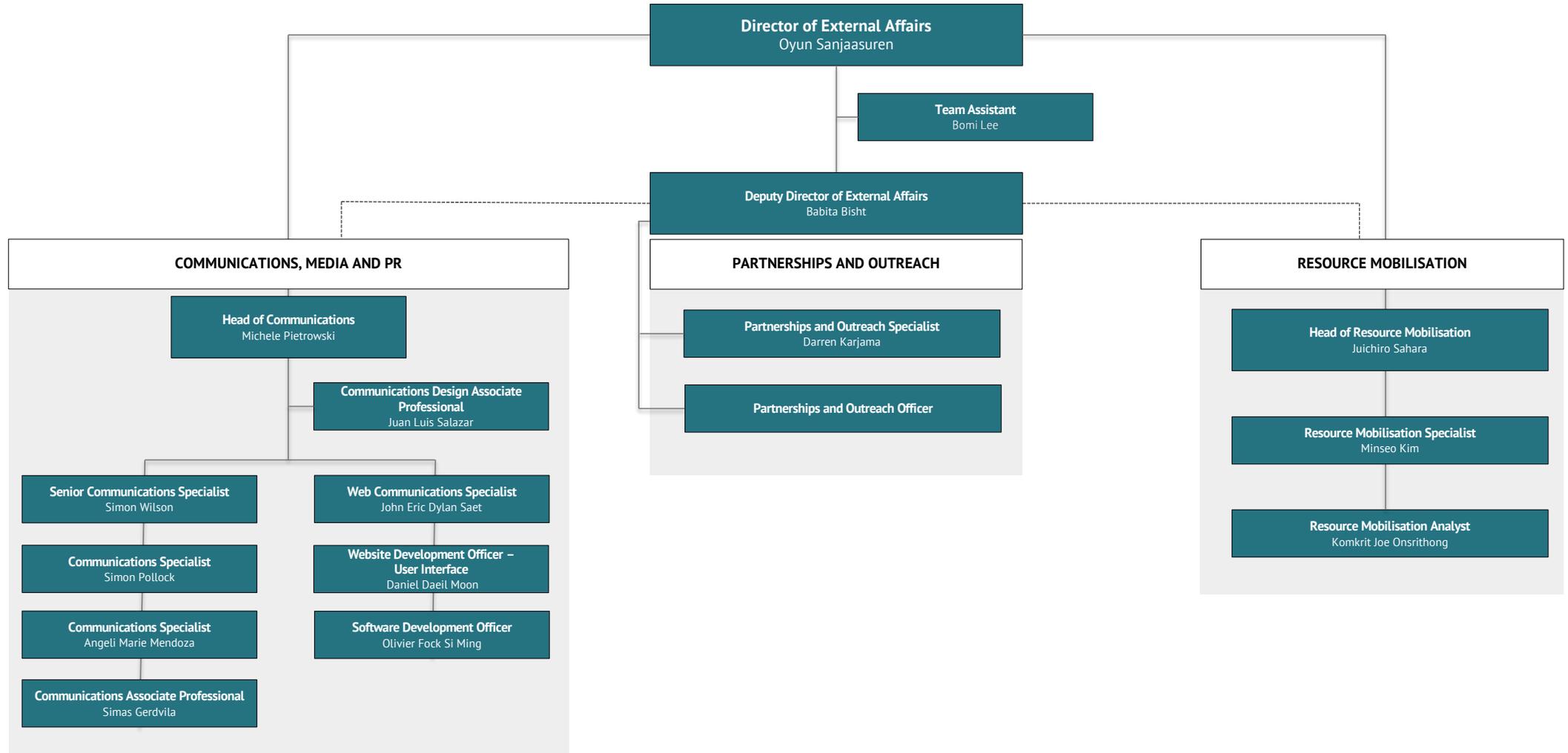


## Annexes



### Division of External Affairs

The Division of External Affairs' objective is to promote the strategic positioning of GCF as a partner of choice for climate finance to drive global climate action. To achieve this objective, DEA helps driving a compelling narrative for the fund, supports replenishment and resource mobilization, and maintains and expands partnerships and external engagement.



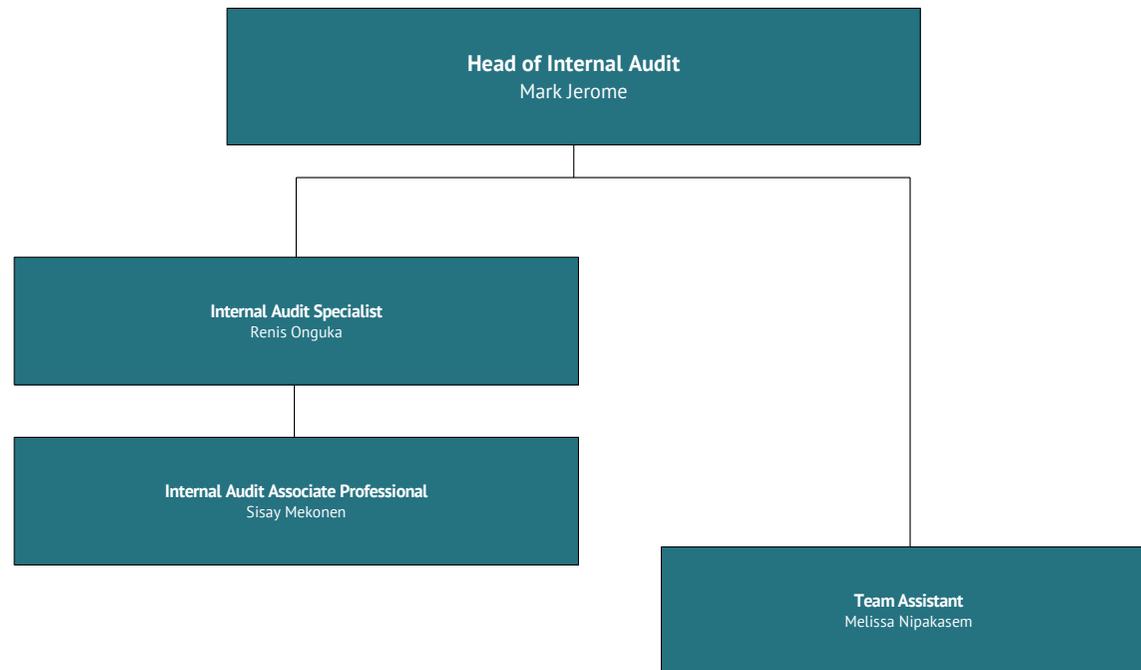
## Annexes



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### Office of the Internal Auditor

*The Office of the Internal Auditor adds value to the Green Climate Fund and improve its operations by helping the Fund accomplish its objectives by bringing a systematic, disciplined approach to assess, evaluate and improve the effectiveness of risk management, control, and governance processes.*



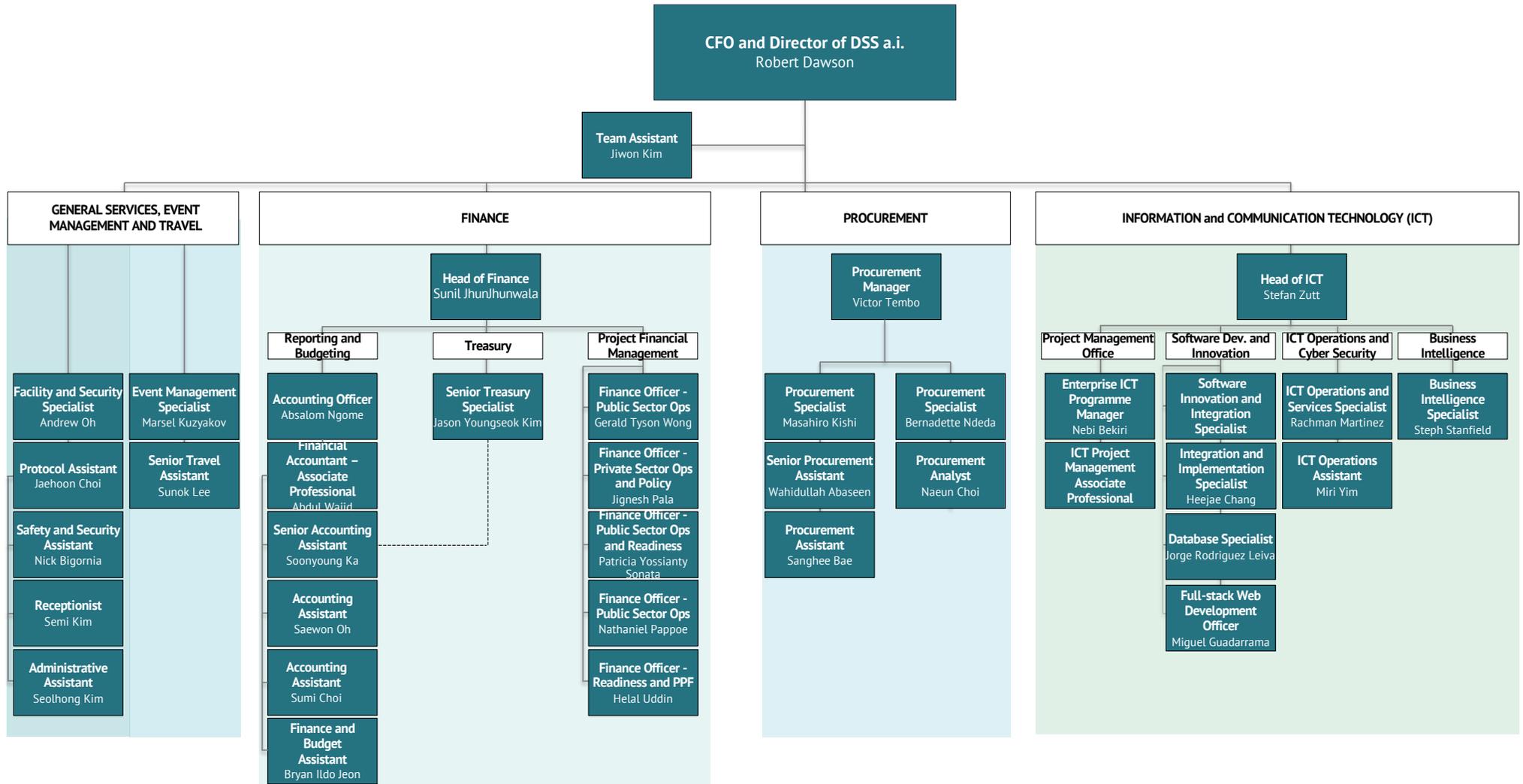
## Annexes



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### Division of Support Services

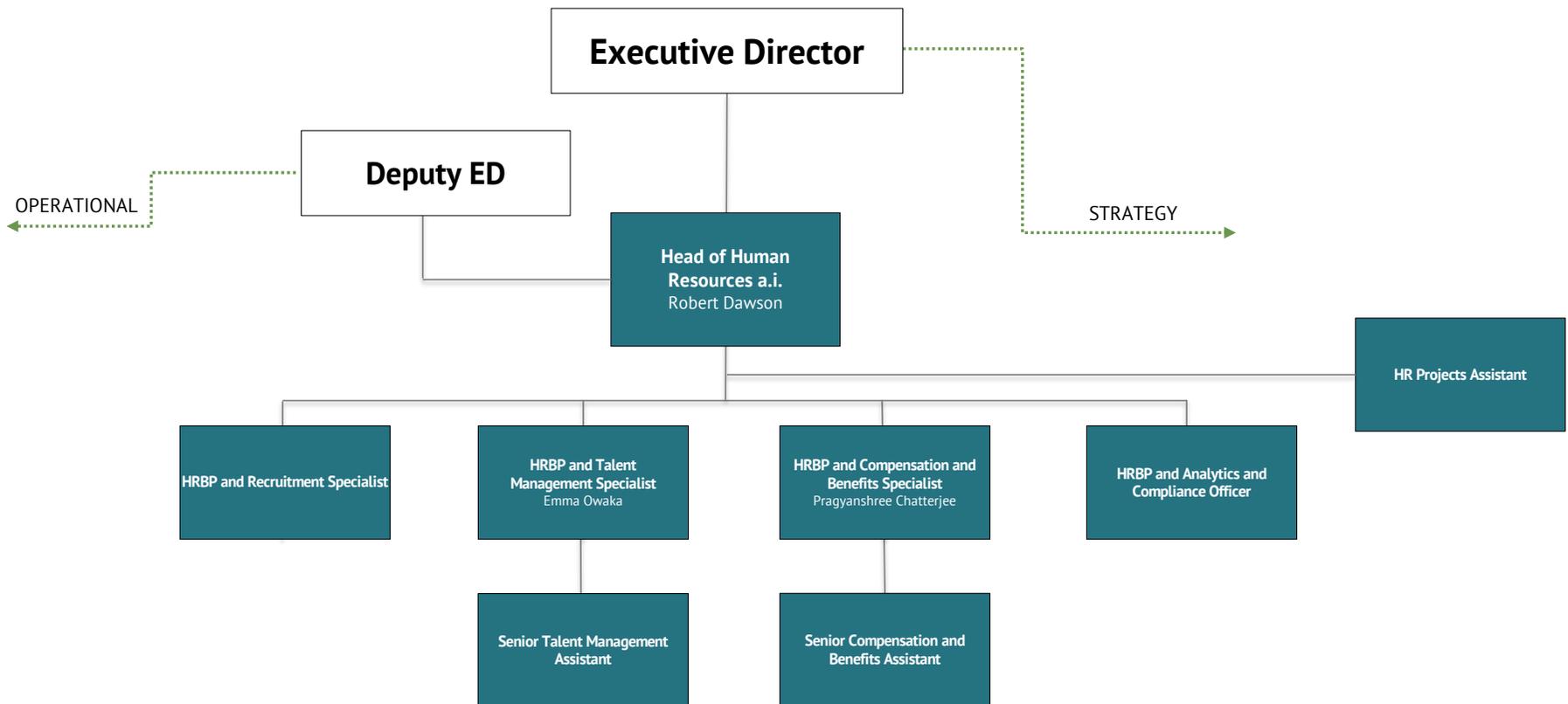
The Division of Support Services provides a range of corporate services that are critical to enabling the GCF to carry out its daily activities with efficiency and financial integrity, including financial management, event and travel management, administration, ICT, procurement, and the treasury function.





**Office of Human Resources**

*The Office of Human Resources provides programs and activities that attract, nurture, retain and deploy world-class talent to enable GCF to effectively manage its global portfolio and to be a global thought leader in the areas of climate finance.*



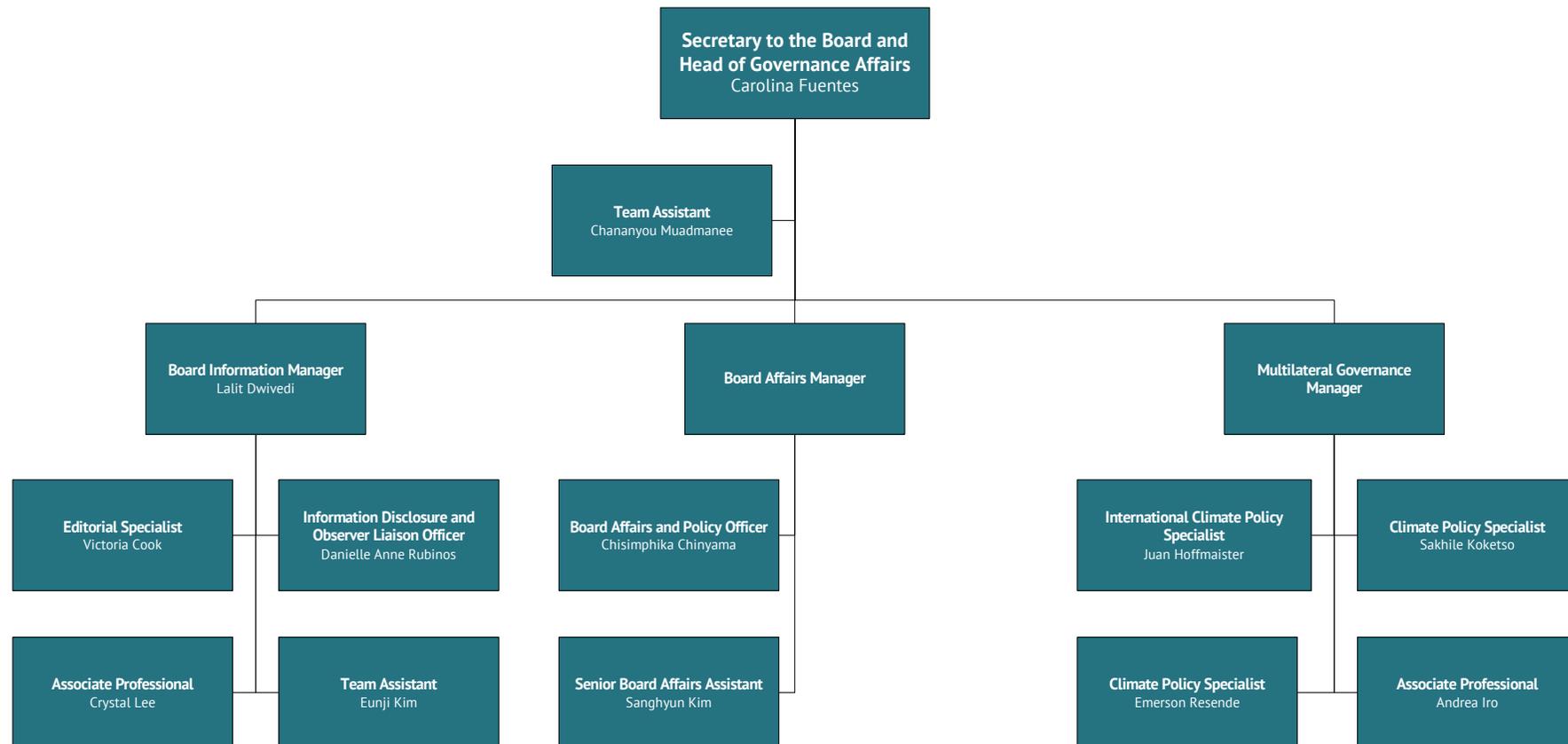
## Annexes



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### Office of Governance Affairs

The Office of Governance Affairs provides support across the governance structure of the GCF. This includes supporting the Board decision-making process; managing GCF response to UNFCCC COP guidance; coordinating engagement with other funds and relevant multilateral governance processes; and developing and implementing the policies of information disclosure and observer participation



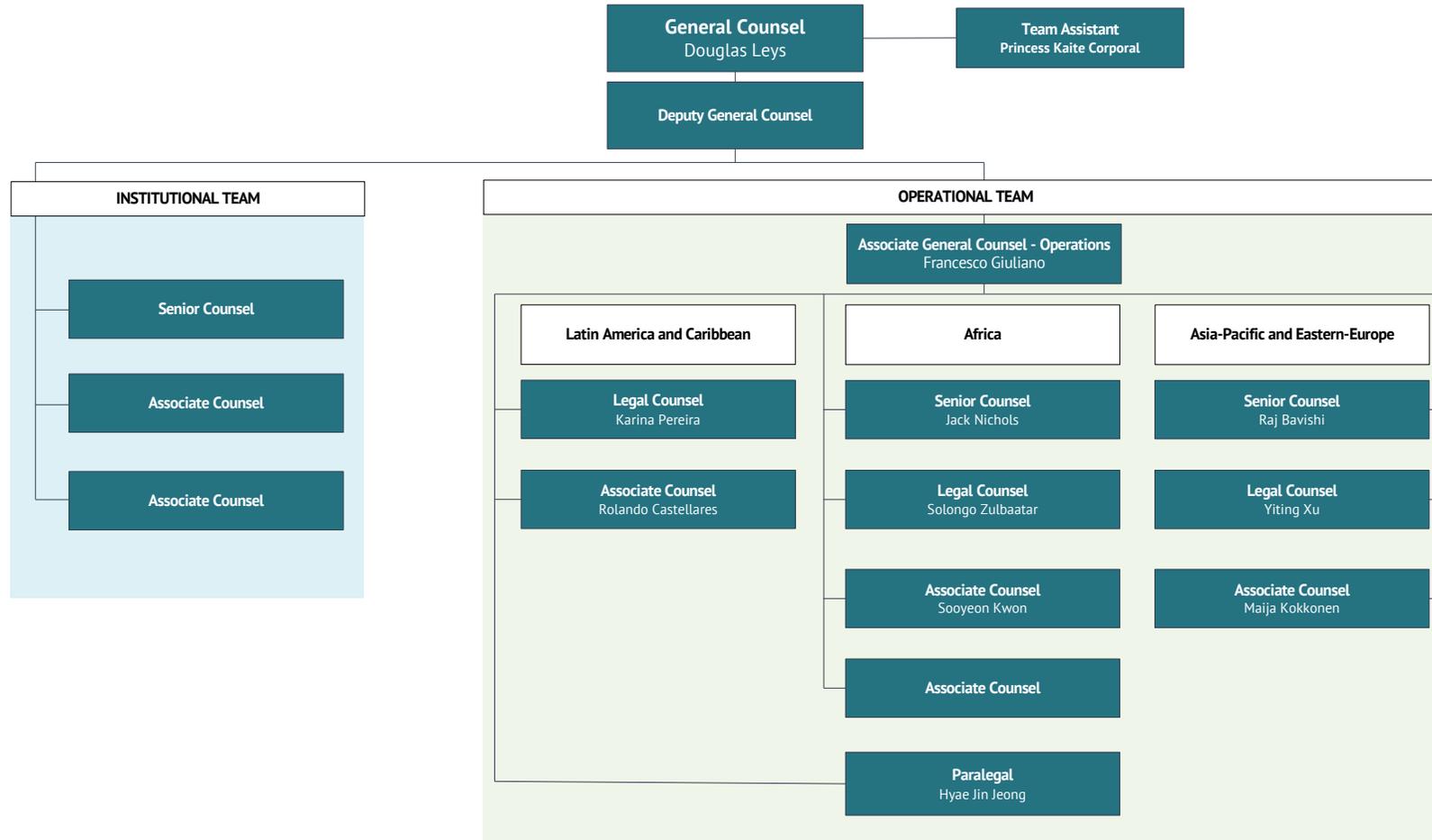
## Annexes



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### Office of the General Counsel

The Office of the General Counsel provides legal services of the highest quality to the Board, the Secretariat and the Independent Units of the Fund so as to preserve and uphold the mandate set out in the Fund's Governing Instrument and the policies and procedures adopted by the Board. OGC supports the drafting and negotiation of legal agreements, the drafting of new policies, procedures and regulations, dispute resolutions and other corporate activities. OGC is divided into the institutional and operations divisions.



## V. REPORTS TO THE CONFERENCE OF THE PARTIES OF THE UNITED NATIONS FRAMEWORK CONVENTION ON CLIMATE CHANGE

The Green Climate Fund Board (and before its existence, the Green Climate Fund Transitional Committee) has reported to the Conference of the Parties to the UNFCCC annually. Related documents can be found on the UNFCCC website using the following links:

- FCCC/CP/2011/6 Report of the Transitional Committee for the design of the Green Climate Fund  
<http://unfccc.int/resource/docs/2011/cop17/eng/06.pdf>
- FCCC/CP/2012/5 Report of the Green Climate Fund to the Conference of the Parties  
<http://unfccc.int/resource/docs/2012/cop18/eng/05.pdf>
- FCCC/CP/2013/6  
FCCC/CP/2013/6/Add.1 Report of the Green Climate Fund to the Conference of the Parties  
<http://unfccc.int/resource/docs/2013/cop19/eng/06.pdf>  
<http://unfccc.int/resource/docs/2013/cop19/eng/06a01.pdf>
- FCCC/CP/2014/8 Report of the Green Climate Fund to the Conference of the Parties  
<http://unfccc.int/resource/docs/2014/cop20/eng/08.pdf>
- FCCC/CP/2015/3  
FCCC/CP/2015/3/Add.1  
FCCC/CP/2015/3/Add.1/Corr.1 Report of the Green Climate Fund to the Conference of the Parties  
<http://unfccc.int/resource/docs/2015/cop21/eng/03.pdf>  
<http://unfccc.int/resource/docs/2015/cop21/eng/03a01.pdf>  
<http://unfccc.int/resource/docs/2015/cop21/eng/03a01c01.pdf>
- FCCC/CP/2016/7/Rev.1  
FCCC/CP/2016/7/Rev.1/Add.1 Report of the Green Climate Fund to the Conference of the Parties  
<http://unfccc.int/resource/docs/2016/cop22/eng/07r01.pdf>  
<http://unfccc.int/resource/docs/2016/cop22/eng/07r01a01.pdf>
- FCCC/CP/2017/5  
FCCC/CP/2017/5/Add.1 Report of the Green Climate Fund to the Conference of the Parties  
<https://unfccc.int/sites/default/files/resource/docs/2017/cop23/eng/05.pdf>  
<https://unfccc.int/sites/default/files/resource/docs/2017/cop23/eng/05a01.pdf>
- FCCC/CP/2018/5 Report of the Green Climate Fund to the Conference of the Parties  
[https://unfccc.int/sites/default/files/resource/cp2018\\_5\\_advance.pdf](https://unfccc.int/sites/default/files/resource/cp2018_5_advance.pdf)





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