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## Конференция Сторон

Девятнадцатая сессия

Варшава, 11–22 ноября 2013 года

Пункт 11 с) предварительной повестки дня

**Вопросы, касающиеся финансирования**

**Доклад Зеленого климатического фонда  
для Конференции Сторон и руководящие  
указания для Зеленого климатического  
фонда**

## Доклад Зеленого климатического фонда для Конференции Сторон

### Записка секретариата\*

1. В своем решении 3/CP.17 Конференция Сторон (КС) утвердила руководящий документ для Зеленого климатического фонда (ЗКФ). Руководящий документ, в частности, предусматривает представление Советом ЗКФ ежегодных докладов на рассмотрение КС.
2. Во исполнение этого положения Совет ЗКФ представил прилагаемый доклад (см. приложение) от 1 ноября 2013 года; в настоящем документе он воспроизводится в том виде, в котором был получен, и официально не редактировался.
3. Руководящий документ для ЗКФ также предусматривает, что Совет ЗКФ в целях обеспечения подотчетности перед КС и в соответствии с пунктом 3 статьи 11 Конвенции будет получать руководящие указания от КС, в том числе по вопросам, касающимся политики, программных приоритетов и критериев приемлемости, и смежным вопросам.

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\* Настоящий документ был получен из секретариата Зеленого климатического фонда 1 ноября 2013 года и после этого был представлен.



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**Annex**

[English only]

# **Green Climate Fund**

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Report of the Board of the Green Climate  
Fund to the Conference of the Parties to the  
United Nations Framework Convention on  
Climate Change

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1 November 2013

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# Report of the Board of the Green Climate Fund to the Conference of the Parties to the United Nations Framework Convention on Climate Change

## I. Introduction

1. The Conference of the Parties (COP) to the United Nations Framework Convention on Climate Change (UNFCCC) decided at its sixteenth session to establish the Green Climate Fund (the 'Fund'), to be designated as an operating entity of the financial mechanism of the Convention. At its seventeenth session, it decided, *inter alia*, to approve the Governing Instrument for the Fund, designate the Fund as an operating entity of the financial mechanism of the Convention, and provide guidance to the Board of the Fund, taking into account the Board's annual reports to the COP on its activities.
2. At its eighteenth session, the COP decided to endorse the consensus decision of the Board to select Songdo, Republic of Korea as the host city of the Fund. The Board and the Republic of Korea were requested to conclude the legal and administrative arrangements for hosting the Fund, to ensure that juridical personality and legal capacity are conferred to the Fund, and the necessary privileges and immunities are granted to the Fund and its officials in an expedited manner.
3. This report covers the activities undertaken by the Board between December 2012 and October 2013.

## II. Guidance of the Conference of the Parties

4. The COP provides guidance to the financial mechanism in accordance with Article 11 of the Convention, and decides on its policies, programme priorities and eligibility criteria relating to the Convention.
5. The Fund, as an entity entrusted with the operation of the Convention's financial mechanism, will take appropriate action on guidance received and will submit reports to the COP for its consideration.
6. The Fund's progress against the guidance received from the COP is summarized below.
7. In response to decision 6/CP.18, paragraph 7(a), to develop a transparent no-objection procedure, the Board:
  - (a) Provided guidance to the Secretariat on the policy matters regarding country ownership under the Fund and requested the Secretariat to present at the first Board meeting in 2014 a revised version of the document on countries' transparent no objection procedure; and
  - (b) Requested to open a call to developing countries to start the processes of designating a National Designated Authority (NDA) or focal point as early as possible, and preferably before June 2014.
8. In response to decision 6/CP.18, paragraph 7 (b), to balance allocation of the Fund's resources between adaptation and mitigation activities, the Board decided that the Fund will initially make allocations under adaptation, mitigation and the Private Sector Facility (PSF), and that there will be balance between adaptation and mitigation and an appropriate allocation of resources for other activities.
9. In response to decision 6/CP.18, paragraph 7(c), to operationalize the Fund, the Board completed the consideration of its business model framework, addressing in particular the areas listed below, adopting decisions on these matters and providing guidance for further work. The areas covered were:
  - (a) Objectives, results and performance indicators;
  - (b) Country ownership;
  - (c) Structure and organization;
  - (d) Financial instruments;
  - (e) Private Sector Facility;
  - (f) Access;

- (g) Financial inputs;
  - (h) Allocation;
  - (i) Results management framework.
10. In response to decision 6/CP.18, paragraph 7(d), to establish the independent Secretariat, the Board:
- (a) Requested the Interim Secretariat to finalize the Headquarters Agreement between the Republic of Korea and the Green Climate Fund in consultation with the Government of the Republic of Korea. The Co Chairs, on behalf of the Fund, and the Minister of Foreign Affairs of the Republic of Korea signed the agreement between the Republic of Korea and the Fund;
  - (b) Decided that the Fund's administrative framework will be based on a hybrid system combining the multilateral development bank system and the United Nations common system. The Board requested further work on the Fund's administrative policies based on the hybrid option in order to advance work as rapidly as possible, and report on progress to the Board at its October 2013 meeting;
  - (c) Approved at its October 2013 meeting with immediate effect the establishment of the GCF Secretariat, as the fully independent secretariat foreseen in paragraph 19 of the Governing Instrument; and
  - (d) Authorized 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.
11. In response to decision 6/CP.18, paragraph 7(e), to select the Trustee in a timely manner, the Board approved 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.
12. In response to decision 6/CP.18, paragraph 7(f), to collaborate with other relevant 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; and
  - (c) Further requested the Interim Secretariat to engage informally with other external bodies by exchanging information, as required.
13. In response to decision 6/CP.18, paragraph 8, to appoint the Executive Director, the Board, by consensus, appointed Ms. H  la Cheikhrouhou to the post of the Executive Director.

### **III. Activities of the Fund**

#### **3.1 Membership of the Board**

14. The UNFCCC regional groupings and constituencies nominated 24 members and 24 alternate members and communicated their names and affiliations to the Interim Secretariat. Annex I to this report provides the list of Board members and alternate members as at 1 November 2013.

#### **3.2 Election of the Co-Chairs of the Board**

15. At its August 2012 meeting, the Board elected Mr. Zaheer Fakir (South Africa) and Mr. Ewen McDonald (Australia) as its Co-Chairs to serve for a period of one year. At its June 2013 meeting, the Board decided that the election of the Co-Chairs be scheduled for the end of its third meeting in 2013; and further decided that the current Co-Chairs will continue their functions for the duration of that meeting.

16. At its October 2013 meeting, the Board elected Mr. Manfred Konukiewicz (Germany) and Mr. Jose Maria Clemente Sarte Salceda (Philippines) as its Co-Chairs to serve for a period of one year.

### 3.3 Meetings of the Board

17. During the period covered by this report, the third, fourth and fifth Board meetings were held in Berlin, Germany, from 13 to 15 March 2013, in Songdo, Republic of Korea, from 26 to 28 June 2013, and in Paris, France, from 8 to 10 October 2013, respectively. In addition to Board members and alternate members, four active observers from developing and developed countries representing civil society organizations and private sector organizations participated in the meetings. Furthermore, the meetings were attended by advisers to Board members and alternate members and the representatives of accredited observer organizations.

18. A summary of the actions taken by the Board is presented below, and the decisions taken by the Board are presented in Annex II to this report. The report of the third meeting of the Board is contained in document GCF/B.01-13/13 and the report of the fourth meeting is contained in document GCF/B.04/18, which are available on the Fund's website <GCFund.net>.

### 3.4 Additional rules of procedure of the Board

19. In addition to the rules of procedure contained in the Governing Instrument and the additional rule of procedure relating to Co-Chairs' seats that was adopted by the Board in 2012, the Board further considered additional rules of procedure at its first and second meetings in 2013. A team of six Board members undertook deliberations on the additional rules of procedure.

20. The Board, in its decision B.01-13/01, adopted additional rules of procedure relating to, among other, observers; composition, selection and term of Board membership; Co-Chairs; meetings; decision-making and voting; and confidentiality and conflict of interest. At its June 2013 meeting, the Board further adopted additional rules of procedure relating to information disclosure and participation of advisers in Board proceedings. The Board will further consider options for its voting procedures.

### 3.5 Headquarters Agreement

21. The Agreement between the Republic of Korea and the Green Climate Fund concerning the Headquarters of the Green Climate Fund (Headquarters Agreement) was finalized by the Interim Secretariat in consultation with the Government of the Republic of Korea. The Co Chairs, on behalf of the Fund, and the Minister of Foreign Affairs of the Republic of Korea signed the Headquarters Agreement in Bonn, Germany, on 2 June 2013 and in Songdo, Incheon City, Republic of Korea, on 10 June 2013. The Agreement entered into force on 27 August 2013, in accordance with paragraph 5 of Article 20 of the Agreement.

### 3.6 Business model framework of the Fund

22. At its March 2013 meeting, the Board noted convergence that the Fund should 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. The Board further noted convergence that the Fund should also: (a) recognize that a country-driven approach is a core principle to build the business model of the Fund; (b) commence as a fund that operates through accredited national, regional and international intermediaries and implementing entities; (c) focus initially on grants and concessional lending, and employ additional financial instruments as necessary to effectively achieve the objectives of the Fund; and (d) enhance transparency and accountability.

23. The Board also requested the Interim Secretariat to present to it nine business model framework documents at its second and third meetings in 2013, which were to include inputs from consultants, experts and stakeholders, including private sector and civil society organizations. A team of six Board members facilitated the preparation of these documents.

24. The Board considered six of these documents at its second meeting in 2013. They addressed: objectives, results and performance indicators; country ownership; access modalities; financial instruments; Private Sector Facility; and structure and organization of the Fund.

25. The remaining three business model framework documents that were considered by the Board at its October 2013 meeting addressed: allocation; financial inputs; and results management framework.

26. The related Board decisions are included in Annex II to this report.

### 3.7 Establishment of the independent Secretariat, including the selection of the Executive Director and administrative framework

27. The secretariats of the UNFCCC and the Global Environment Facility (GEF) established the Interim Secretariat and assigned staff, either full-time or part-time, to work in the Interim Secretariat. The Interim Secretariat began its work in December 2011. The Board approved with immediate effect the establishment of the GCF Secretariat at its October 2013 meeting, and the interim arrangements will be terminated by COP 19.

28. In its decision B.04/02, the Board, by consensus, decided to select Ms. H  la Cheikhrouhou as the Executive Director. Under the authority of the Co-Chairs, the contracting process was subsequently completed and a contract issued for the Executive Director to take up duty on 9 September 2013. The Executive Director will serve for a period of three years, renewable by the Board.

### 3.8 Resource mobilization

29. The Board, in its decision B.01-13/09, approved the preparation of a resource mobilization strategy document for consideration by the Board at its third meeting in 2013. At its October 2013 meeting, the Board decided 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. It further decided 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. The Board further requested 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 have been met.

30. The related Board decisions are included in Annex II to this report.

### 3.9 Modalities for readiness and preparatory support

31. The Board, in its decision B.01-13/10, 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. In partnership between the Fund, the Caribbean Development Bank (CDB) and the Deutsche Gesellschaft f  r Internationale Zusammenarbeit (GIZ), a workshop on readiness and preparatory support was held in Barbados in July 2013. The outcomes of this workshop fed into the Board discussion on the modalities for readiness and preparatory support at its October 2013 meeting.

32. The Board discussed the scope, modalities for allocation, access and delivery of readiness and preparatory support at its October 2013 meeting. Based on this discussion, the Board, in decision B.05/14, decided that the Fund will provide readiness and preparatory support and defined the areas of support. It requested the Secretariat to begin to advance readiness in developing countries in the context of its communication and outreach activities. It further requested 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, and to mobilize resources for readiness and preparatory support.

33. The Board decisions related to this matter are included in Annex II to this report.

### 3.10 Relationship with UNFCCC thematic bodies

34. The Board, in its decision B.04/15, 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.

35. At the request of the Board, the Interim Secretariat invited 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. The Board further requested the Interim Secretariat to engage informally with other external bodies by exchanging information, as required.

### 3.11 Accreditation of observer organizations

36. Until its March 2013 meeting, the Board used provisional arrangements for observer participation at the Board meetings, including to allow participation of four active observers from civil society and private sector organizations in Board meetings. At its March 2013 meeting, the Board adopted Additional rules of procedure relating to observers and Guidelines relating to the observer participation, accreditation of observer organizations and participation of active observers.

37. Pursuant to decision B.01-13/03, taken at the March 2013 Board meeting, the Interim Secretariat invited, in an initial round, applications from intergovernmental entities, civil society organizations and private sector organizations for observer accreditation by 9 May 2013. The deadline for a second round of observer accreditation was 5 July 2013. Based on the applications received during the two rounds, the Board decided to accredit 111 organizations.

38. The lists of accredited civil society organizations, private sector organizations and international entities are published on the Fund's website and the accredited organizations were duly informed.

### 3.12 Communication strategy of the Fund

39. The Board, in its decision B.04/14, approved the terms of reference for the development of a communication strategy and will consider the draft communication strategy at its first meeting in 2014.

### 3.13 Logo of the Fund

40. A logo competition was launched and submissions were invited by 28 July 2013. Eighty four entries were received. A Logo Selection Panel, comprising four Board members/alternate members, one civil society and one private sector representative, a well known graphic designer, and the Executive Director, established a set of criteria to evaluate these entries. The Selection Panel reviewed a long-list of 15 entries that was presented by the Interim Secretariat.

41. Based on a progress report of the Logo Selection Panel, the Board decided that the logo competition will be cancelled and requested the Interim Secretariat, under the overall authority of the Executive Director, to contract a professional designer to design the logo of the Fund. The work on the logo design will be overseen by the Logo Selection Panel.

### 3.14 Financial resources for the administrative budget in the Green Climate Fund Trust Fund

42. Several countries paid in contributions to the Green Climate Fund Trust Fund, others have indicated their intention to contribute to the Trust Fund, and some are in the process of making administrative arrangements for providing resources for the administrative budget. As at 30 June 2013, countries have pledged a total amount of US\$ 9 million-equivalent to the Trust Fund. The Interim Trustee entered into agreements/arrangements with 10 contributors totalling US\$ 7.55 million-equivalent and received the full amounts from those countries. Additional pledges and contributions were received after 30 June 2013. The Green Climate Fund Trust Fund Financial Report prepared by the Interim Trustee is contained in document GCF/B.05/Inf.04.

### 3.15 Arrangements between the Green Climate Fund and the COP

43. In its decision 7/CP.18, the COP requested the Standing Committee on Finance (SCF) and the Board to develop arrangements between the COP and the Fund in accordance with the Governing Instrument for the Fund and Article 11, paragraph 3, of the Convention, for agreement by the Board and subsequent agreement by COP 19.

44. The Board considered the draft arrangements received from the Co-Chairs of the SCF on 2 October 2013, and approved the draft arrangements presented in document GCF/B.05/17/Add.01.

45. The Board requested the Co-Chairs to inform the Co-Chairs of the SCF on the outcome of the Board's deliberations on the arrangements. It further requested the Interim Secretariat to transmit to the UNFCCC secretariat the draft arrangements between the COP and the Fund, for transmittal to the COP for its subsequent agreement at its nineteenth session, in accordance with decision 7.CP/18.

### 3.16 Work plan of the Board for 2014

46. At its October 2013 meeting, the Board discussed the elements of its work plan for 2014 and requested the Secretariat to revise a draft work plan, 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 that meeting. A revised work plan was circulated to the Board for a decision between meetings on 31 October 2013. Once decided upon by the Board, the work plan will be transmitted to the COP as an addendum to this report.

47. The work plan contains the elements for further work as agreed by the Board, including that the first two Board meetings in 2014 will prioritize and focus on working towards completing the essential requirements for the Fund to receive, manage, programme and disburse financial resources.

## Annex I: Members and alternate members of the Board of the Green Climate Fund as at 1 November 2013

| <i>Members</i>                                                                                                                                                  | <i>Alternate members</i>                                                                                                                               | <i>Constituency/Regional group</i>                       |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------|
| <b>Mr. Christian N. Adovelande</b><br>(Benin)<br>President<br>West African Development Bank                                                                     | <b>Mr. Tosi Mpanu Mpanu</b><br>(Democratic Republic of the Congo)<br>Former Chair of the African Group of climate negotiators                          | Developing countries,<br>Africa                          |
| <b>Mr. Omar El-Arini</b><br>(Egypt)<br>Member of the Board<br>Egyptian Environmental Affairs Agency, International consultant on ozone layer and climate issues | <b>Mr. Newai Gebre-ab</b><br>(Ethiopia)<br>Member of the former Transitional Committee for the design of the Green Climate Fund                        |                                                          |
| <b>Mr. Zaheer Fakir</b><br>(South Africa)<br>Head<br>International Relations and Governance,<br>Department of Environmental Affairs                             | <b>Mr. Paulo Gomes</b><br>(Guinea Bissau)<br>Member of the Board of Directors<br>Ecobank Transnational Inc.,<br>Vice-Chairman of the finance committee |                                                          |
| <b>Mr. Liang Ziqian</b><br>(China)<br>Deputy Director General<br>International Department,<br>Ministry of Finance                                               | <b>Mr. Kwang-Yeol Yoo</b><br>(Republic of Korea)<br>Director General for International Financial Cooperation,<br>Ministry of Strategy and Finance      | Developing countries,<br>Asia-Pacific                    |
| <b>Mr. Ayman M. Shasly</b><br>(Saudi Arabia)*<br>International Policies Consultant,<br>Ministry of Petroleum and Mineral Resources                              | <b>Mr. Farrukh Iqbal Khan</b><br>(Pakistan)*<br>Counsellor<br>Permanent Mission of Pakistan to the United Nations                                      |                                                          |
| <b>Mr. Jose Ma. Clemente Sarte Salceda</b><br>(Philippines)*<br>Governor<br>Province of Albay                                                                   | <b>Mr. Shri Dipak Dasgupta</b><br>(India)*<br>Principal Economic Adviser,<br>Ministry of Finance                                                       |                                                          |
| <b>Mr. Pedro Garcia Brito</b><br>(Dominican Republic)*<br>Climate Change Director,<br>Ministry of Environment and Natural Resources                             | <b>H.E. Ms. Audrey Joy Grant</b><br>(Belize)*<br>Minister of Energy, Science and Technology and Public Utilities                                       | Developing countries,<br>Latin America and the Caribbean |

| <i>Members</i>                                                                                                                                                               | <i>Alternate members</i>                                                                                                                                                                            | <i>Constituency/Regional group</i>                                          |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------|
| <b>H.E. Mr. Sergio Serra</b><br>(Brazil)*<br>Ambassador<br>Consulate General of Brazil<br>in Barcelona, Ministry of<br>External Relations                                    | <b>Mr. Rodrigo Rojo</b><br>(Chile)<br>Deputy Director for<br>International Affairs,<br>Ministry of Finance                                                                                          |                                                                             |
| <b>Ms. Monica Victoria Hidalgo Andino</b><br>(Ecuador)*<br>Vice-Minister of<br>Environment                                                                                   | <b>Ms. Adriana Soto Carreno</b><br>(Colombia)*<br>Vice-Minister<br>Ministry of Environment and<br>Sustainable Development                                                                           |                                                                             |
| <b>Mr. David Kaluba</b><br>(Zambia)<br>Principal Economist<br>Ministry of Finance and<br>National Planning                                                                   | <b>Mr. Mesbah ul Alam</b><br>(Bangladesh)<br>Secretary<br>Ministry of Disaster<br>Management and Relief                                                                                             | Developing countries,<br>Least developed countries                          |
| <b>Mr. Derek Gibbs</b><br>(Barbados)<br>Chief Economist<br>Research and Planning Unit,<br>Economic Affairs Division,<br>Ministry of Finance and<br>Economic Affairs          | <b>H.E. Mr. Ali'ioaigi Feturi</b><br><b>Elisaia</b> (Samoa)<br>Ambassador Extraordinary<br>and Plenipotentiary,<br>Permanent Representative,<br>Permanent Mission of<br>Samoa to the United Nations | Developing countries,<br>Small island developing<br>States                  |
| <b>H.E. Mr. George Zedginidze</b> (Georgia)<br>Former Minister<br>Ministry of Environment<br>Protection                                                                      | <b>Mr. Irfa Ampri</b><br>(Indonesia)<br>Head, Center for Climate<br>Change Financing and<br>Multilateral Policy, Fiscal<br>Policy Agency, Ministry of<br>Finance                                    | Developing countries                                                        |
| <b>Mr. Ewen McDonald</b><br>(Australia)<br>Deputy Director General<br>Australian Agency for<br>International Development                                                     | <b>Mr. Rod Hilton</b><br>(Australia)<br>Assistant Director General<br>Australian Agency for<br>International Development                                                                            | Developed countries,<br>Australia on behalf of<br>Australia and New Zealand |
| <b>Mr. Per Callesen</b><br>(Denmark)<br>Governor<br>Central Bank of Denmark                                                                                                  | <b>Mr. Richard Doornbosch</b><br>(Netherlands)<br>Head, International<br>Economy and Financial<br>Institutions Division,<br>Ministry of Finance                                                     | Developed countries,<br>Denmark and the<br>Netherlands**                    |
| <b>Mr. Arnaud Buisse</b><br>(France)<br>Deputy Assistant Secretary<br>Multilateral Financial<br>Affairs and Development<br>Division, Directorate-<br>General of the Treasury | <b>Mr. Frederic Glanois</b><br>(France)<br>Head of Official<br>Development Assistance and<br>Multilateral Development<br>Institutions, Directorate-<br>General of the Treasury                      | Developed countries,<br>France                                              |

| <i>Members</i>                                                                                                                                                                         | <i>Alternate members</i>                                                                                                                                                                                         | <i>Constituency/Regional group</i>                         |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------|
| <b>Mr. Manfred Konukiewicz (Germany)</b><br>Deputy Director General<br>Climate Policy, Global and Sectoral Affairs,<br>Federal Ministry for Economic Cooperation and Development (BMZ) | <b>Mr. Norbert Gorissen (Germany)</b><br>Head of Division<br>International Climate Finance, International Climate Initiative, Federal Ministry for the Environment, Nature Conservation and Nuclear Safety (BMU) | Developed countries, Germany                               |
| <b>Mr. Kentaro Ogata (Japan)</b><br>Director for Development Issues<br>International Bureau, Ministry of Finance                                                                       | <b>Mr. Tomonori Nakamura (Japan)</b><br>Special Coordinator for Environmental Finance Development Policy Division, International Bureau, Ministry of Finance,                                                    | Developed countries, Japan                                 |
| <b>Mr. Henrik Harboe (Norway)</b><br>Director of Development Policy<br>Ministry of Foreign Affairs                                                                                     | <b>Mr. Tomas Zidek (Czech Republic)</b><br>Deputy Minister<br>Ministry of Finance                                                                                                                                | Developed countries, Norway and Czech Republic             |
| <b>Ms. Beata Jaczewska (Poland)</b><br>Deputy Minister<br>Ministry of Environment                                                                                                      | <b>Mr. Adam Kirchknopf (Hungary)</b><br>Deputy Head<br>Department for International Development Cooperation and Humanitarian Aid, Ministry of Foreign Affairs                                                    | Developed countries, Poland and Hungary**                  |
| <b>Ms. Ana Fornells de Frutos (Spain)</b><br>Head of International Climate Division<br>Ministry of Environment                                                                         | <b>Ms. Ludovica Soderini (Italy)</b><br>International Financial Relations, Treasury Department, Ministry of Economy and Finance                                                                                  | Developed countries, Spain and Italy**                     |
| <b>Mr. Alexey Kvasov (Russian Federation)</b><br>Deputy Chief of the Presidential Experts' Directorate<br>Russian G8 Sherpa, Executive Office of the President                         | <b>Mr. Anton Hilber (Switzerland)</b><br>Head<br>Global Programme Climate Change, Swiss Agency for Development Cooperation, Federal Department of Foreign Affairs                                                | Developed countries, Russian Federation and Switzerland*** |
| <b>H.E. Mr. Jan Cedergrén (Sweden)</b><br>Ambassador<br>Ministry of Environment                                                                                                        | <b>Mr. Jozef Buys (Belgium)</b><br>Attaché<br>Directorate General for Development Cooperation, Ministry of Foreign Affairs                                                                                       | Developed countries, Sweden and Belgium**                  |

| <i>Members</i>                                                                                                                                 | <i>Alternate members</i>                                                                                                                                                              | <i>Constituency/Regional group</i>                                           |
|------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------|
| <b>Mr. Nick Dyer</b><br>(United Kingdom of Great Britain and Northern Ireland)<br>Director<br>Policy, Department for International Development | <b>Mr. Josceline Wheatley</b><br>(United Kingdom of Great Britain and Northern Ireland)<br>Team Leader, Climate Finance and Negotiations,<br>Department for International Development | Developed countries,<br>United Kingdom of Great Britain and Northern Ireland |
| <b>Mr. Matthew Kotchen</b><br>(United States of America)<br>Deputy Assistant Secretary Environment and Energy,<br>Department of the Treasury   | <b>Mr. Himamauli Das</b><br>(United States of America)<br>Assistant General Counsel for International Affairs,<br>Department of the Treasury                                          | Developed countries,<br>United States of America                             |

\* The letters of nomination from Asia-Pacific and Latin America and the Caribbean indicate a change in the arrangements during the three-year term of membership.

\*\* The letter of nomination indicated that: "Constituencies will decide at their own discretion on the designation of Member and Alternate Member. Discussions amongst developed country Parties in Geneva on 13 April 2012 showed one outstanding issue regarding whether the European Union may participate on the Board, the resolution of which is still pending consensus of developed country Parties. Accordingly, the list above does not prejudice the outcome of this issue."

\*\*\* The letter of nomination indicated that: "Constituencies will decide at their own discretion on the designation of Member and Alternate Member."

## Annex II: Decisions taken by the Board in 2013

### Third meeting of the Board, Berlin, Germany, 13–15 March 2013

#### Agenda item 4: Additional rules of procedure of the Board

##### DECISION B.01-13/01

*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.*

##### DECISION B.01-13/02

*The Board,*

*Mindful of the need for a comprehensive travel policy,*

- (a) *Decided that until the adoption of such a policy, the full cost of travel and daily subsistence allowance <sup>1</sup> of the Board members and alternate members from eligible Annex title<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;*

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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.

- (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.

DECISION B.01-13/03

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.

## Agenda item 5: Headquarters Agreement

DECISION B.01-13/04

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.

## Agenda item 6: Communication and representation

DECISION B.01-13/05

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;

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<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.

- (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.

## Agenda item 7: Business model framework

### DECISION B.01-13/06

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; and
  - (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.

## **Agenda item 8: Establishment of the independent Secretariat**

### **A. Selection of the Executive Director**

DECISION B.01-13/07

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.

### **B. Review of staffing of the Interim Secretariat**

The Board took note of document GCF/B.01-13/Inf.04.

### C. Guidance on administrative policies of the independent Secretariat

#### DECISION B.01-13/08

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.

### **Agenda item 10: Resource mobilization**

#### DECISION B.01-13/09

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.

### **Agenda item 11: Modalities for readiness and preparatory support**

#### DECISION B.01-13/10

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.

## Agenda item 12: Arrangements between the Conference of the Parties and the Fund

### DECISION B.01-13/11

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.

## Agenda item 13: Logo of the Fund

### DECISION B.01-13/12

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;
- (b) Agreed that the purpose of launching this competition will be to raise awareness:
  - (i) Of the Green Climate Fund; and
  - (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; and
  - (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.*

*(g) 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;*

*(h) 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;*

*(i) 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;*

*(j) 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.*

## **Agenda item 14: Other business**

### *DECISION B.01-13/13*

*The Board,*

*(a) Decided that its second meeting in the year 2013 will take place in Incheon City, Republic of Korea, on 25-28 June 2013; and*

*(b) Decided that its third meeting in the year 2013 will take place on 4-6 September 2013, with preparatory meetings on 3 September 2013, at a venue to be confirmed.*

## **Annex I: Additional rules of procedure - applicability and definitions**

### **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.

## Annex II: Additional rules of procedure relating to 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.

1. 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.
2. 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.
3. The procedures for the selection of active observers and the accreditation of observer organizations will be contained in the guidelines approved by the Board.
4. 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.

## **Annex III: Additional rules of procedure relating to composition, selection and term of Board members and alternate members**

### **I. 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 the 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.

1. 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<sup>1</sup> above; and one alternate member to rotate between developing country Parties included in the groups and constituencies listed above.

### **II. Vacancies**

2. 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

<sup>1</sup> The term “regional groups and constituencies” as used in paragraph 1 is understood to refer to the Asia-Pacific States, the African States, the Latin American and the Caribbean States, the small island developing States, and the least developed country Parties

the developed country Parties, or by his or her respective regional group consistent with paragraph 1 of this Annex in the case of the developing country Parties.

3. 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.

4. 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 2 and 3 above, as well as the effective date of any replacement.

## Annex IV: Additional rules of procedure relating to the Co-Chairs

### I. 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.

1. The term of the two Co-Chairs is for one year starting on the date of their election. They shall continue their functions until their successors have been elected.
2. 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.
3. 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.<sup>1</sup>

### II. Duties of the Co-Chairs in the conduct of business

4. In carrying out their function as Co-Chair, the Co-Chairs shall be guided by the best interests of the Fund.
5. The Co-Chairs shall share and allocate between themselves responsibility for chairing Board meetings.
6. 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 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.
7. 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.
8. 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.

<sup>1</sup> The provision presented in this paragraph was approved by the Board at its second meeting in October 2012.

## **Annex V: Additional rules of procedure relating to meetings – Part A**

### **I. Frequency and location**

1. 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.
2. 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.
3. At each meeting the Board will confirm the date and duration of the following meeting.

### **II. Notification of meetings**

4. 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.

### **III. Agenda for meetings**

5. The Secretariat will, with the approval of the Co-Chairs, prepare and distribute the provisional agenda for each meeting.
6. The Board will, at the beginning of each meeting, adopt the agenda for the meeting.

### **IV. Transmittal of documents**

7. 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. The Secretariat may use electronic means for transmission, distribution and storage of documentation, without prejudice to other means of circulation of the documentation.
9. Comments of Board members on Board meeting documents shall be transmitted promptly by the Secretariat to all Board members and alternate members.
10. 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.

### **V. Attendance**

11. 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.
12. 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.

## **VI. 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.

13. 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.

## **Annex VI: Additional rules of procedure relating to meetings – Part B**

### **I. Executive sessions**

1. 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.

### **II. Extraordinary Board meetings**

2. 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.

### **III. Committees, panels and groups**

3. 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.

4. 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.

5. 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.

## **Annex VII: Additional rules of procedure relating to meetings – Part C**

### **I. Language**

1. 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.
2. 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.

### **II. Arrangements for meetings**

3. The Secretariat shall make all arrangements for the meetings of the Board under the guidance of the Co-Chairs.

### **III. Maintaining permanent records of meetings**

4. 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.

## **Annex VIII: Additional rules of procedure relating to 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.

#### **I. Decisions between meetings**

1. 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 2 of Annex VI to this report, 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.

2. 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.

3. 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.

4. Decisions approved in-between meetings shall be recorded in the report of the following Board meeting.

## **Annex IX: Additional rules of procedure relating to confidentiality and conflict of interest**

1. Board members, alternate members, and active observers are required to adhere to the Fund's policies and standards on ethics and conflict of interest.<sup>1</sup>
2. 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.
3. 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.
4. 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.

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<sup>1</sup> A separate Board policy on ethics and conflict of interest will be adopted by the Board.

## **Annex X: Additional rules of procedure relating to amendments**

1. 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 in Annex VIII to this report.

## **Annex XI: Overriding authority of the Governing Instrument**

1. 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.

## **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.

### **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.

## **Annex XIII: Scope of further work on communication**

1. 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.

## **Annex XIV: List of documents on the business model framework to be prepared for the June 2013 Board meeting**

1. The following documents will be prepared with the objective of presenting policy choices for consideration by the Board.

(a) Objectives, results and performance indicators

This document will include the following matters:

- (i) An analysis of the objectives for the Fund, including the results it aims to achieve; and
- (ii) Performance indicators for measuring performance at the project, programme and national levels and the overall performance of funded activities.

(b) Country ownership

This document will include the following matter:

- (i) An examination of current best practice for ensuring country ownership of activities.

(c) Structure and organization

This document will include the following matter:

- (i) An assessment of the structure and organization of other multilateral funds.

(d) Financial instruments

This document will include the following matter:

- (i) An assessment of the range of financial instruments the Fund could utilize, their benefits and disadvantages and applicability.

(e) Private Sector Facility (PSF)

This document will include the following matters:

- (i) An assessment and implications of various institutional models for the PSF
- (ii) Objectives, results and performance indicators for the Fund's private sector engagement; and
- (iii) An assessment and implications of models for the delivery of the PSF resources, including direct, indirect or a combination, and the financial instruments that could be utilized.

(f) Access

This document will include the following matters:

- (i) An assessment of best practice access modalities in other multilateral funds, including direct and international access, and their availability across different funding programmes; and
- (ii) A review of eligibility for accessing resources and accreditation procedures in other multilateral funds.

## **Annex XV: List of documents on the business model framework to be prepared for the September 2013 Board meeting**

1. The following documents will be prepared with the objective of presenting policy choices for consideration by the Board.

(a) Financial inputs

This document will include the following matter:

- (i) An assessment of the different financial inputs received by other funds, their benefits and disadvantages and applicability.

(b) Allocation

This document will include the following matters:

- (i) An assessment of the allocation procedures of other multilateral funds, their benefits and disadvantages and applicability; and
- (ii) Results-based approaches for resource allocation.

(c) Results management framework

This document will include the following matters:

- (i) Key elements of a results management framework; and
- (ii) Modalities for monitoring and evaluation.

## **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.

## **Annex XVII: Timetable for consideration of matters relating to the establishment of the independent Secretariat**

1. 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

## **Annex XVIII: Scope of further work on the resource mobilization for the Green Climate Fund**

1. March to September 2013: The Interim Secretariat will prepare a resource mobilization strategy document for consideration by the Board at its meeting in September 2013. In doing so, the Interim Secretariat will operate under the guidance of the Co-Chairs and take into consideration the guidance on the Fund's resource mobilization provided by the Board during its meeting in March 2013, as well as the guidance provided by the Board on the Fund's business model framework. The strategy document will lay out key elements and a timeline for organizing the initial resource mobilization for the Fund.
2. Board meeting in September 2013: The Board will consider the resource mobilization strategy and take decisions on the Fund's approach to resource mobilization and key factors determining how that approach will be implemented.

## **Annex XIX: Scope of further work on the modalities for readiness and preparatory support**

1. March to September 2013: The Interim Secretariat will prepare a document on the modalities for readiness and preparatory support for consideration by the Board at its meeting in September 2013. In doing so, the Interim Secretariat will operate under the guidance of the Co-Chairs and take into consideration the guidance on the modalities for readiness and preparatory support provided by the Board during its meeting in March 2013, as well as the guidance provided by the Board on the Fund's access modalities, financial instruments, results management framework and project funding approval cycle. The document will lay out the detailed elements of the modalities for readiness and preparatory support.
2. Board meeting in September 2013: The Board will consider the modalities for readiness and preparatory support and approve the key policy matters relating thereto.

## Fourth meeting of the Board, Songdo, Republic of Korea, 26–28 June 2013

### Agenda item 4: Establishment of the independent Secretariat

#### A. Selection of the Executive Director

DECISION B.04/02

*The Board:*

- (a) Decided by consensus to select Ms. H  la 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>1</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;
- (c) Authorized the Co-Chairs to sign, on behalf of the Fund, the contract between Ms. Cheikhrouhou and the Fund.

#### B. Administrative policies and procedures of the independent Secretariat

DECISION B.04/03

*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.

<sup>1</sup> This presumes that the Headquarters Agreement and the Green Climate Fund Act have entered into force.

## Agenda item 5: Business model framework

### A. Objectives, results and performance indicators

DECISION B.04/04

*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.

### B. Country ownership

DECISION B.04/05

*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.

## C. Access

### DECISION B.04/06

#### *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.

## D. Financial instruments

DECISION B.04/07

*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.

## E. Private Sector Facility

DECISION B.04/08

*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.

## F. Structure and organization

### DECISION B.04/09

*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.

## Agenda item 6: Additional rules of procedure of the Board

### A. Information disclosure, including webcasting

#### DECISION B.04/10

*The Board, having reviewed document GCF/B.04/10 Information Disclosure, including Webcasting,*

(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.

## **B. Participation of advisers**

### **DECISION B.04/11**

The Board, having considered 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 to 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.

## **C. Voting rules**

The Board:

Took note of the information presented in document GCF/B.04/12 (Voting Procedures for the Board) and will further consider the options outlined in the document.

## **Agenda item 7: Arrangements between the Conference of the Parties and the Fund**

### **DECISION B.04/12**

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.

## **Agenda item 8: Logo of the Fund**

### **DECISION B.04/13**

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;<sup>2</sup>
  - (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.

## Agenda item 9: Communication strategy

### DECISION B.04/14

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.

## Agenda item 10: Relationship with the thematic bodies under the United Nations Framework Convention on Climate Change and external bodies

### DECISION B.04/15<sup>3</sup>

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;

<sup>2</sup> To be nominated by the civil society active observers.

<sup>3</sup> As amended by decision B.05/01.

(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.

## **Agenda item 12: Co-Chairs**

DECISION B.04/16

*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.

## **Agenda item 13: Other business**

DECISION B.04/17

*The Board:*

(a) Decided that its third meeting in the year 2013 will take place in Paris, France;

(b) Authorized the Co-Chairs, together with the Interim Secretariat and the country hosting the meeting, to change the dates of that meeting (4-6 September 2013, with preparatory meetings on 3 September 2013) to later dates in late September or early October 2013, and inform the Board accordingly.

DECISION B.04/18

*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.

## **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;”*
2. Moreover, paragraphs 25 and 28 of the Rules of Procedure state that:  
*“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.”*
3. 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.
4. 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**

5. 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.”*
6. 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

7. Board members and alternate members are accountable for the conduct of their respective adviser/s during, and in connection with, Board meetings.

8. 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.”*

9. 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.

## **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.

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.

## **Fifth meeting of the Board, Paris, France, 8–10 October 2013**

### **Agenda item 1: Opening of the meeting, adoption of the agenda and organization of work**

DECISION B.05/01

*The Board:*

*Decided 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”.*

### **Agenda item 2: Adoption of the report of the fourth meeting**

DECISION B.05/02

*The Board:*

- (a) *Adopted the report of the fourth meeting, contained in document GCF/B.04/Drf.02;*
- (b) *Agreed to publish it on the Fund’s website (document GCF/04/18 Report of the Fourth Meeting of the Board, 26-28 June 2013).*

### **Agenda item 4: Business model framework**

#### **A. Objectives, results and performance indicators and**

#### **B. Results management framework**

DECISION B.05/03

*The Board:*

- (a) *Recalled 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) *Recalled 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) *Noted 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 noted 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) *Adopted 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) *Adopted the initial performance indicators of the Fund, as contained in Annex II to this document;*
- (g) *Decided 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 decided 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 decided that the Fund will assess project and programme proposals in each result area using the same impact indicators;*
- (j) *Further decided that national and sector-wide indicators will be used only at the discretion of the recipient country;*
- (k) *Further decided 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 decided 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) *Requested 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 requested the Secretariat to develop additional result areas and indicators for adaptation activities for consideration by the Board at its first meeting in 2014.*

### C. Financial inputs

#### DECISION B.05/04

*The Board, having reviewed document GCF/B.05/04 Business Model Framework: Financial Inputs:*

- (a) *Noted that the Fund will receive financial inputs from developed country Parties to the Convention;*
- (b) *Further noted that the Fund may also receive financial inputs from a variety of other sources, public and private, including alternative sources;*
- (c) *Decided that the Fund will maintain the flexibility to receive financial inputs on an on-going basis;*
- (d) *Decided 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) *Requested 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) *Requested 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) *Requested the Secretariat to initiate discussions with the Interim Trustee to identify appropriate arrangements for receiving financial inputs;*

(h) Noted 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.

#### D. Allocation

##### DECISION B.05/05

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

- (a) Decided that the Fund will adopt a theme/activity-based approach to the allocation of resources in order to meet the Fund's objectives;
- (b) Decided that the Board will keep the allocation system under review with the intention of improving it over time;
- (c) Decided 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) Decided 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; and
  - (ii) The urgent and immediate needs of vulnerable countries, in particular LDCs, SIDS and African States;
- (e) Decided 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) Decided 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) Requested 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 requested the Secretariat to develop and present an initial process for review and approval of proposals to the Board at its second meeting in 2014.

#### E. Country ownership

##### DECISION B.05/06

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

- (a) Took note of the information presented in document GCF/B.05/06;
- (b) Provided guidance to the Interim Secretariat on the policy matters regarding country ownership under the Fund;

(c) Requested 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.

## F. Financial instruments

### DECISION B.05/07

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

- (a) Decided 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) Took note of the criteria for the terms and conditions of grants and concessional loans, as contained in Annex IV to this document;
- (c) Requested 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 requested the Secretariat to prepare a document for consideration by the Board at its third meeting in 2014 on the use of other financial instruments.

## G. Access

### DECISION B.05/08

The Board, having considered document GCF/B.05/08 Business Model Framework: Access Modalities – Accreditation:

- (a) Noted 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) Acknowledged 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) Took 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) Requested 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;
  - (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) *Decided that the following Board members/alternate members will be part of the team referred to above: [first developed country member], [second developed country member], [first developing country member] and [second developing country member<sup>1</sup>];*
- (f) *Requested 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) *Approved 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 requested 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 requested 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.*

## **Agenda item 5: Logo of the Fund**

### *DECISION B.05/09*

*The Board, having reviewed document GCF/B.05/09 Progress Report of the Logo Selection Panel:*

- (a) *Noted that the entries received in the logo competition were not adequate to represent the identity and image of the Fund;*
- (b) *Decided that the logo competition will be cancelled, as recommended by the Logo Selection Panel;*
- (c) *Requested the Interim Secretariat, under the overall authority of the Executive Director, to contract a professional designer to design the logo of the Fund;*
- (d) *Requested the Logo Selection Panel to oversee the work on the design of the logo;*
- (e) *Requested 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.*

## **Agenda item 6: Establishment of the independent Secretariat**

### **A. Initial structure and organization**

#### *DECISION B.05/10*

*The Board, having reviewed document GCF/B.05/10 Initial structure and staffing of the Secretariat:*

- (a) *Decided on the initial structure of the independent Secretariat, as set out in Annex XII to this document;*
- (b) *Took note of the organizational diagram, showing the initial organization of the Secretariat in 2014, as presented in Annex XIII to this document;*
- (c) *Authorized the Executive Director to recruit initial staff as presented in Annex XIV to this document;*

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<sup>1</sup> Board member representation on this team is being finalized and will be made public when available.

(d) Endorsed the process and timeframe for implementing the proposed initial structure of the Secretariat, as set out in Annex XV to this document.

#### A. Guidance to the Executive Director on the administrative policies and procedures of the independent Secretariat

##### DECISION B.05/11

The Board, having considered document GCF/B.05/11 Progress Report on the Administrative Policies and Guidelines of the Independent Secretariat:

(a) Approved 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) Authorized 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) Authorized 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) Requested 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) Took 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) Requested 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.

## Agenda item 7: Committees and panels

#### A. General guidance for committees and panels

##### DECISION B.05/12

The Board, having considered document GCF/B.05/12 General Guidelines for Committees and Panels:

(a) Took note of document GCF/B.05/12 General Guidelines for Committees and Panels;

(b) Decided 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) Noted that the Rules of Procedure of the Board will apply mutatis mutandis to the committees, panels and groups established.

#### B. Terms of reference and establishment of committees and panels<sup>2</sup>

##### DECISION B.05/13

The Board, having reviewed document GCF/B.05/13 Terms of Reference and Establishment of Committees and Panels:

<sup>2</sup> Membership of the Ethics and Audit Committee and the Private Sector Advisory Group are being finalized and will be made public when available.

- (a) Established 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) Adopted the Terms of reference of the Risk Management Committee as set out in Annex XVI to this document;
- (c) Established 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) Adopted the Terms of reference of the Investment Committee as set out in Annex XVII to this document;
- (e) Established 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) Adopted the Terms of reference of the Ethics and Audit Committee as set out in Annex XVIII to this document;
- (g) Appointed the following Board members/alternate members as Chair, Vice-Chair and members of the Ethics and Audit Committee for its first term:
- (i) [Xx], Committee Chair and committee member,
  - (ii) [Xx], Committee Vice-Chair and committee member,
  - (iii) [Xx], Committee member,
  - (iv) [Xx], Committee member;
  - (v) [Xx], Committee member;
  - (vi) [Xx], Committee member;
- (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) [Xx developing], panel member,
  - (ii) [Xx developing], panel member,
  - (iii) [Xx developed], panel member,
  - (iv) [Xx developed], 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.

## Agenda item 8: Readiness and preparatory support

DECISION B.05/14

*The Board, having reviewed document GCF/B.05/14 Modalities for Readiness and Preparatory Support:*

- (a) *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;*
- (b) *Decided 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) *Noted 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 noted:*
  - (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) *Requested the Secretariat to begin advancing readiness in developing countries in the context of its communication and outreach activities;*
- (f) *Further requested 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 requested 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) *Decided that the urgent need to provide readiness and preparatory support should be reflected in the administrative budget and staffing of the Secretariat;*

(i) *Further requested the Secretariat to mobilize resources for readiness and preparatory support.*

## **Agenda item 9: Administrative policies of the Fund**

### **B. Interim information disclosure practice**

*DECISION B.05/15*

*The Board, having reviewed document GCF/B.05/16 Interim Information Disclosure Practice:*

- (a) *Adopted the Interim Information Disclosure Practice, set out in Annex XX to this document;*
- (b) *Requested 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) *Decided that the Interim Information Disclosure Practice will remain in force until the Board adopts a comprehensive disclosure of information policy;*
- (d) *Requested 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.*

## **Agenda item 10: Arrangements between the Conference of the Parties and the Fund**

*DECISION B.05/16*

*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) *Approved the draft arrangements between the Conference of the Parties and the Green Climate Fund set out in Annex XXI to this document;*
- (b) *Requested 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) *Requested 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.*

## Agenda item 11: Resource mobilization

DECISION B.05/17

*The Board:*

- (a) Decided 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 decided 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) Requested 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 decided 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.

## Agenda item 12: Report to the Conference of the Parties

DECISION B.05/18

*The Board:*

Requested 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.

## Agenda item 13: Work plan of the Board until the end of 2014

DECISION B.05/19

*The Board, having considered document GCF/B.05/20 Work Plan of the Board for 2014:*

- (a) Took note of the information presented in document GCF/B.05/20;
- (b) Requested 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.

## Agenda item 15: Administrative budget for 2014

DECISION B.05/20

*The Board, having reviewed document GCF/B.05/21 Administrative Budget of the Fund for 2014:*

- (a) Approved, 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) Noted that the Secretariat will continue to operate efficiently and will seek to maximize savings where possible;

(c) Approved, 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) Authorized 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) Noted that the Secretariat will submit proposals for the full administrative budget of the Fund for 2015, 2016 and 2017 in due course.

## **Agenda item 16: Arrangements with the Interim Trustee**

DECISION B.05/21

*The Board, having reviewed document GCF/B.05/22 Agreements with the Interim Trustee:*

- (a) Approved 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) Authorized 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) Approved 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.

## **Agenda item 17: Other business**

### **A. Gender**

DECISION B.05/22

*The Board:*

- (a) Reaffirmed taking a gender-sensitive approach as outlined in the Governing Instrument;
- (b) Decided to consider, at its first meeting in 2014, a gender-sensitive approach to the Fund's objectives and operational policies;
- (c) Requested 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.

B. Participation of observers in Board meetings

*DECISION B.05/23*

*The Board:*

- (a) *Took note of the information presented in document GCF/B.05/Inf.05;*
- (b) *Requested 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.*

C. Other business

*DECISION B.05/24*

*The Board:*

- (a) *Decided that its first meeting in 2014 will take place on 19-21 February 2014 in Indonesia;*
- (b) *Decided that the arrangements for this meeting will be made according to the practice of the previous meetings that took place away from the headquarters.*
- (c)

## 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>3</sup> cutting across adaptation result areas;
- (l) Readiness and capacity building for adaptation and mitigation activities;
- (m) Scaling up of effective community-based adaptation (CBA) actions;
- (n) Supporting the coordination of public goods such as “knowledge hubs”.

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<sup>3</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-oriented infrastructure; effective risk spreading mechanisms, including insurance mechanisms; and encouraging the use of ecosystem-based adaptation actions.

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

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

### **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;
  - (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) 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);
  - (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);
- (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).

## Annex V: List of acknowledged best-practice fiduciary principles and standards

### I. Basic fiduciary criteria

Table 1

#### Key administrative and financial capacities

| <i>Fund/institution</i> | <i>Fiduciary principles and standards</i>                                                                                                                                                                                                                                                                                                                                                                         | <i>Reference</i>                                                                                                                                                                                                                                                                                                                                              |
|-------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 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. <i>Recommended Minimum Fiduciary Standards for GEF Implementing and Executing Agencies</i> . (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. <i>Accreditation Application</i> . (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>                                                                                                                                                                                 | <p>Relevant provisions in:</p> <ul style="list-style-type: none"> <li>• EU DEVCO. 2010. <i>Questionnaire for the Assessment of Compliance with Criteria for Joint Management</i>.<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>>

<sup>c</sup> <[http://ec.europa.eu/europeaid/work/framework-contract/audit2010/documents/tor-compliance-assestsments/anx2\\_joint\\_mgt\\_en.doc](http://ec.europa.eu/europeaid/work/framework-contract/audit2010/documents/tor-compliance-assestsments/anx2_joint_mgt_en.doc)>

<sup>d</sup> Not publicly available but provided to the Interim Secretariat by EU DEVCO.

Table 2  
Transparency and accountability

| <i>Fund/institution</i> | <i>Fiduciary principles and standards</i>                                                                                                                                                                                                                                 | <i>Reference</i>                                                                                                                                                                                                                                                                                                                                                |
|-------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| GEF                     | <ul style="list-style-type: none"> <li>• Investigation function</li> <li>• Hotline and whistle-blower protection</li> </ul>                                                                                                                                               | Global Environment Facility. 2007. <i>Recommended Minimum Fiduciary Standards for GEF Implementing and Executing Agencies</i> . (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. <i>Accreditation Application</i> . (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> | <p>Relevant provisions in:</p> <ul style="list-style-type: none"> <li>• EU DEVCO. 2010. <i>Questionnaire for the Assessment of Compliance with Criteria for Joint Management</i>.<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.

## II. Specialized fiduciary criteria

Table 3  
Project/programme implementation

| <i>Fund/institution</i> | <i>Fiduciary principles and standards</i>                                                                                                                                                                                    | <i>Reference</i>                                                                                                                                                                                 |
|-------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 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. <i>Recommended Minimum Fiduciary Standards for GEF Implementing and Executing Agencies</i> . (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</li> </ul> | Adaptation Fund. 2010. <i>Accreditation Application</i> . (III: Requisite institutional capacity). <sup>b</sup>                                                                                  |

| <i>Fund/institution</i> | <i>Fiduciary principles and standards</i>                                                                                                                                                                                                                                 | <i>Reference</i>                                                                                                                                                                                                                                                                                                                                                |
|-------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                         | and mitigation plans                                                                                                                                                                                                                                                      |                                                                                                                                                                                                                                                                                                                                                                 |
|                         | <ul style="list-style-type: none"> <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>                                        |                                                                                                                                                                                                                                                                                                                                                                 |
| 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> | <p>Relevant provisions in:</p> <ul style="list-style-type: none"> <li>• EU DEVCO. 2010. <i>Questionnaire for the Assessment of Compliance with Criteria for Joint Management.</i><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-assements/anx2\\_joint\\_mgt\\_en.doc](http://ec.europa.eu/europeaid/work/framework-contract/audit2010/documents/tor-compliance-assements/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)**

| <i>Fund/institution</i> | <i>Fiduciary principles and standards</i>                                                                                                                                       | <i>Reference</i>                                                                                                                                                                                                                                                                                                                                                |
|-------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 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> | <p>Relevant provisions in:</p> <ul style="list-style-type: none"> <li>• EU DEVCO. 2010. <i>Questionnaire for the Assessment of Compliance with Criteria for Joint Management.</i><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-assements/anx2\\_joint\\_mgt\\_en.doc](http://ec.europa.eu/europeaid/work/framework-contract/audit2010/documents/tor-compliance-assements/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

| <i>Fund/institution</i> | <i>Fiduciary principles and standards</i>                                                                                                                                                                                                  | <i>Reference</i>                                                                                                                                                                                                                                                                                                                                                |
|-------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 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> | <p>Relevant provisions in:</p> <ul style="list-style-type: none"> <li>• EU DEVCO. 2010. <i>Questionnaire for the Assessment of Compliance with Criteria for Joint Management</i>.<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-assements/anx2\\_joint\\_mgt\\_en.doc](http://ec.europa.eu/europeaid/work/framework-contract/audit2010/documents/tor-compliance-assements/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

| <i>Fund/institution</i> | <i>Fiduciary principles and standards</i>                                                                                                                   | <i>Reference</i>                                                                                                                                                                                                          |
|-------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 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> | <p>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></p> |

<sup>a</sup> <<http://www.thegef.org/gef/content/procedure-accreditation-gef-project-agencies>>

## Annex VI: List of entities with acknowledged environmental and social safeguards

| <i>Entity</i>                                                                                                                                                                      | <i>Relevant environmental and social safeguards</i>                                                         | <i>Reference</i>                                                                                                                                                                                                                                                                                                                                                                                                                        |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| World Bank                                                                                                                                                                         | <i>Social Safeguards and Policies</i>                                                                       | < <a href="http://go.worldbank.org/WTa1ODE7T0">http://go.worldbank.org/WTa1ODE7T0</a> >                                                                                                                                                                                                                                                                                                                                                 |
| International Finance Corporation                                                                                                                                                  | <i>Performance Standards and Guidance Notes – 2012 Edition</i>                                              | < <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                                                                                                                                                        | <i>GEF Policy on Agency Minimum Standards on Environmental and Social Safeguards</i><br>(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                                                                                                                                                        | <i>GEF Policy on Gender Mainstreaming</i><br>(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                                                                                                                                                 | <i>Common Approach to Environmental and Social Safeguards</i>                                               | < <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.<br>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.
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;
  - (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;
- (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

| <i><b>GEF agencies:</b></i>                                        | <i><b>Acronym</b></i> |
|--------------------------------------------------------------------|-----------------------|
| 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                  |
| <b>GEF project agencies with conditional accreditation:</b>        |                       |
| 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.

<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)>.

## II. Adaptation Fund

Table 2

### Adaptation Fund – Multilateral implementing entities

| <i>Name</i>                                                        | <i>Acronym</i> |
|--------------------------------------------------------------------|----------------|
| 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

| <i>Name</i>                                | <i>Acronym</i> | <i>Country</i> |
|--------------------------------------------|----------------|----------------|
| 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

| <i>Name</i>                                                     | <i>Acronym</i> | <i>Country</i> |
|-----------------------------------------------------------------|----------------|----------------|
| 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         |

| <i>Name</i>                                         | <i>Acronym</i>   | <i>Country</i> |
|-----------------------------------------------------|------------------|----------------|
| 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     |
| 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:  
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;

Its governance system, procedures and organizational approach ensure accountability, transparency, fairness and adequate professionalism in the accreditation process;

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;
- (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;
- (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;
- (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;
  - (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;
  - (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 procedures, including the organization of assessment and review teams and engagement of external technical experts;
- (d) Presentation of the outcomes of the assessment and review processes to the Independent Technical Advisory Function for expert endorsement;
- (e) Setting up and managing the teams in charge of the assessment and review of individual applications for accreditation;
- (f) All administrative and logistical arrangements, as well as operational support, for the meetings of the Independent Technical Advisory Function;
- (g) 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 draft 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;
  - (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;
  - (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 fulfillment 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: \_\_\_\_\_

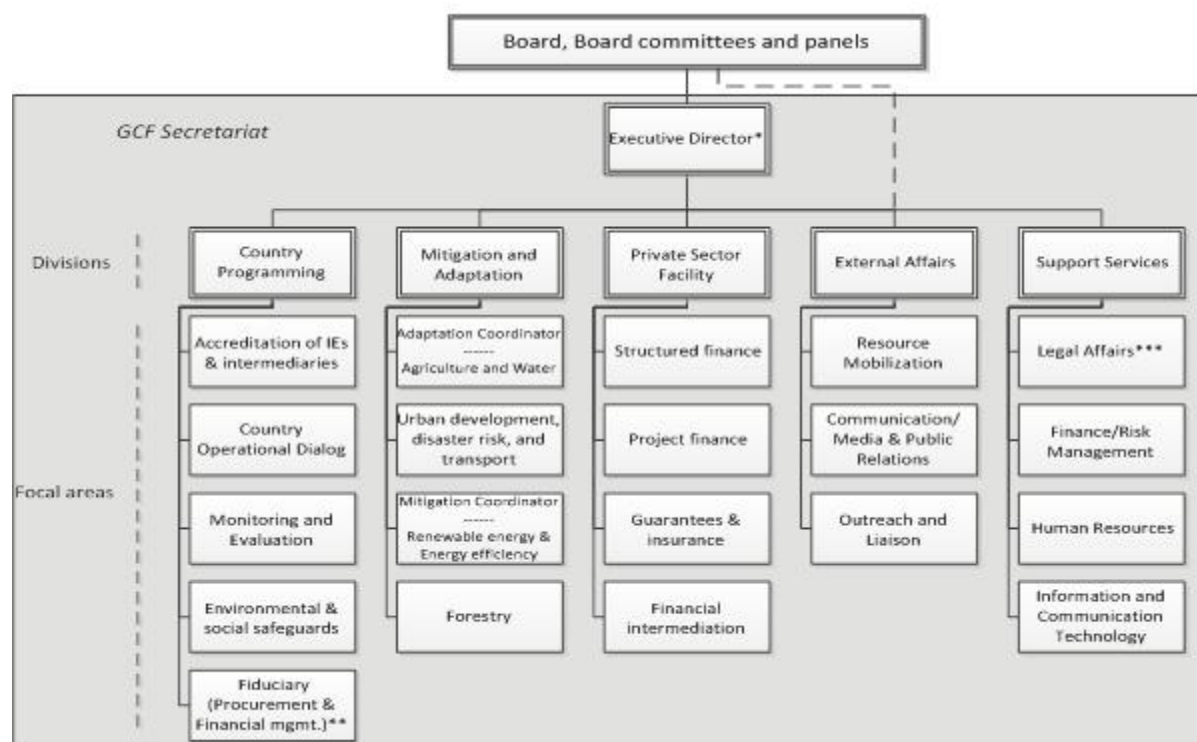
Signature: \_\_\_\_\_

## Annex XII: Initial structure of the Secretariat



Figure 1. Initial structure of 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.
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**

| <i>Function</i>                                                                                                                                 | <i>Key responsibilities in 2014 and initial phase</i>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
|-------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Advisor to Executive Director<br>(1 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>                                                                                                                                                                                                                                                                                                                                                                                       |
| <b>Country Programming Director, Deputy Executive Director</b>                                                                                  | <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)<br>(6 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<br>(3 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<br>(1 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>                                                                                                                                                                                                                                                                                                                                 |
| <b>Mitigation/Adaptation Director</b>                                                                                                           | Manage and oversee the work programme of the Mitigation and Adaptation Windows division                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| Mitigation and Adaptation team<br>(4 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> |
| <b>PSF Director</b>                                                                                                                             | Manage and oversee the work programme of the PSF division                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| PSF team<br>(4 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>                                              |
| <b>External Affairs Director</b>                                                                                                                | Manage and oversee the work programme of the External Affairs division                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |

| <b>Function</b>                                | <b>Key responsibilities in 2014 and initial phase</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
|------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Resource mobilization<br>(2 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<br>(2 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<br>(2 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>                                                                                                                                                                                                                                                                                                                                                           |
| <b>Operational Support Services Director</b>   | Manage and oversee the work of the Operational Support Services division                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| Legal<br>(2 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<br>(2 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<br>(2 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>                                                                                                                                                                                                                                                                                                                |
| ICT<br>(2 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;
  - (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.

## **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;
  - (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.

## **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
  - (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.

## **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**

4. The Ethics and Audit Committee will comprise:
  - (a) Three developing country Board members or alternate members; and
  - (b) Three developed country Board members or alternate members.

### **III. Duration**

5. The Ethics and Audit Committee will be a standing committee of the Board.

### **IV. Guidelines for operation**

6. Provisions will be put into place to manage actual and potential conflicts of interest.

## 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:

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<sup>1</sup> Decision B.04/08, paragraph (i).

- (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;
  - (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.

## Annex XX: Interim Information Disclosure Practice

### I. Introduction

1. The purpose of this document is to establish interim practice to govern disclosure of information associated with the Fund's operations until a comprehensive information disclosure policy is approved by the Board, taking into account disclosure policies of other relevant international organizations. It sets out the Fund's disclosure guiding principles, provides details on the main categories of information that the Fund and its related organs will publicly disclose, outlines initial criteria for confidentiality, and defines the main means of accessing information and timing of disclosure.
2. The Governing Instrument provides that the Fund will operate in a transparent and accountable manner guided by the principles of efficiency and effectiveness. The Rules of Procedure of the Board also promote transparency, providing that all the Board members, alternate members and active observers are required to adhere to the Fund's policies and standards of ethics.
3. These principles are fully reflected in the information disclosure guiding principles presented below.

### II. Guiding principles

4. The Fund will ensure the greatest degree of transparency in all its activities through effective dissemination of information to stakeholders and the public at large, and public participation in the Fund's operations. The Fund will apply a presumption in favour of disclosure for all information and documents relating to the Fund and its funded activities. All documents in the Fund's possession subject to disclosure as per the Interim Information Disclosure Practice, will be released on the Fund's website or through other appropriate means, or be provided on request, to provide the public with a clear picture of the Fund's work and the way it administers financial inputs received from public and private sources.
5. Categories of information not to be disclosed are in line with standard practices of most international organizations. Confidential information would include personal information, such as personal communications of Board members and alternate members, advisers, staff, consultant and business partners; information relating to safety and security that, if disclosed, would endanger the life, health, or safety of any individual, or the environment; privileged and investigative information, including legal opinions; third-party information given to the Fund in confidence and accepted as such, including private sector entities' proprietary information; deliberative information, including draft documents (work in progress) unless such disclosure is needed to facilitate public consultations; and certain financial information that, if disclosed, would prejudice the financial or commercial interests of the Fund and its activities. A comprehensive negative list, including categories of information not to be disclosed, will be formulated as part of the Fund's comprehensive information disclosure policy to be developed in 2014.
6. As a general rule, any policy or strategy which will be developed by the Fund will, to the extent not covered in this document, articulate the disclosure requirements for information and documents required to be produced under that policy or strategy. These disclosure requirements must be consistent with the guiding principles defined above.

### III. Disclosure categories and timing

7. As a matter of principle, the Fund will share most of the information in its possession with stakeholders and the public at large, either pro-actively or on request, subject to specified exemptions to presumed disclosure. The timing of disclosure of the different types of information will vary, based on the nature of information. The main categories of information that will be made publicly available include, but are not limited to:

#### 3.1. Fund information

8. **Organizational and institutional information.** Available on the Fund's website. It includes basic documents such as the Governing Instrument and the Rules of Procedure of the Board, the list of Board members and alternate members, the terms of reference of committees, subcommittees, technical and expert panels, and any other Fund's organs, the annual administrative budget of the Fund, relevant administrative policies, the organizational structure of the Fund, and the work plan of the Board.

### 3.2. Information regarding the Board, Board committees, subcommittees and panels

9. **Board meeting documents**<sup>2</sup> As provided in the Rules of Procedure of the Board, all Board meeting documents for non-executive sessions will be posted on the Fund's website on the same day they are released to Board members, except for Board documents classified as confidential, or as the Board may provide. Simultaneous disclosure of Board documents to the Board and to the public is one of the instruments that give effect to the provisions of the Governing Instrument to promote the input and participation of key stakeholders in the design, development and implementation of the strategies and activities to be financed by the Fund. It is expected that early disclosure of Board meeting documents will help ensure adequate stakeholder input into the Board decision-making process.

10. **Draft documents** with limited distribution to Board members are generally not disclosed except if the Board decides otherwise if special circumstances so warrant (e.g. to facilitate public consultations on a Fund's policy).

11. **Information documents.** Documents prepared for information of the Board under the agenda items for which a Board decision is not anticipated will be disclosed on the Fund's website upon circulation to the Board.

12. **Board proceedings.** The provisional agenda of Board meetings will be posted on the Fund's website at least 30 calendar days before the first day of the meeting. Reports of Board meetings will also be shared with the public on the Fund's website. Guidelines for the participation of observers and advisers in Board proceedings will also be posted on the Fund's website. In order to ensure interested stakeholders' direct access to Board proceedings, the Fund will make **video recordings of Board meetings** available on its website, through registration only, within three weeks of each Board meeting. This provision applies to proceedings of formal non-executive sessions and therefore does not cover extraordinary Board meetings and closed executive sessions, nor committee or subcommittee meetings. Records of Board proceedings other than those referred to above may be publicly disclosed following a Board decision in accordance with applicable policies and relevant rules and procedures.

13. **Documents submitted to the Board by Board committees and subcommittees.** Final reports of Board committees and subcommittees will be disclosed on the Fund's website, unless they contain confidential information which, if disclosed, may cause prejudice to the Fund or related parties.

14. The same will apply to final **documents submitted to the Board by technical and expert panels.**

15. **Policies, strategies, sector and thematic reports and results management framework.** Documents proposing the adoption of Fund's policies and strategies and sector and thematic reports and documents regarding the Fund results management framework submitted to the Board for approval will be disclosed on the Fund's website on the same day they are released to the Board, provided they do not contain confidential information.

16. **Annual reports.** The annual reports to the Conference of the Parties on Board activities and the Fund's annual report, including the audited financial statements, will be published on the Fund's website at the time they are approved by the Board.

17. **Replenishment.** Information and documents regarding the initial resource mobilization for the Fund and the Fund replenishments will be disclosed on the Fund's website, including the timing of the replenishment, discussion documents for contributors meetings and the final contributors report. Documents containing financial information will be made public to the extent they do not contain confidential information that, if disclosed, would be prejudicial to the interests of the Funds or related parties.

### 3.3. Interim Secretariat and Secretariat information

18. Information relating to the **organizational structure of the Fund and its Secretariat** will be made available on the Fund's website, such as arrangements for the Interim Secretariat, staffing, administrative budget and work programme of the Interim Secretariat, reports on its activities and activities on the establishment of the independent Secretariat.

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<sup>2</sup> Disclosure provisions described in this paragraph do not apply to Board committee and subcommittee meeting documents.

19. **Rules, guidelines and implementation arrangements** prepared by the Secretariat for implementing Board policies will be disclosed on the Fund's website after their approval and issuance to concerned parties by the Fund's relevant authority.

### 3.4. Independent Evaluation Unit, Independent Integrity Unit and independent redress mechanism information

20. An **Independent Evaluation Unit** will assess the results of the Fund, including its funded activities and its effectiveness and efficiency. The results of the periodic evaluations, including lessons learned, will be shared on the Fund's website or relevant separate website, as may be the case.

21. An **Independent Integrity Unit** will investigate allegations of fraud and corruption in coordination with relevant counterpart authorities. The Fund will post on its website annual reports of the Independent Integrity Unit upon their completion, including summary information on investigations and significant recommendations and issues arising from investigations. The Fund may also share the results of investigations with relevant counterpart authorities.

22. An **independent redress mechanism** will receive complaints relating to the operations of the Fund and will evaluate and make recommendations. The Board will define disclosure provisions regarding the independent redress mechanism when developing the related Fund's policy.

### 3.5. Interim Trustee information

23. All reports provided to the Secretariat by the Interim Trustee in the service of the Board will be publicly disclosed through the Fund's website, unless they contain confidential information.

### 3.6. Information relating to accredited implementing entities

#### 3.6.1 Accreditation

24. The accreditation procedures and criteria, including best-practice fiduciary principles and standards and environmental and social safeguards of the Fund, are designed to ensure that all accredited implementing entities provide adequate and transparent access to information on activities funded by the Fund. In particular, the Fund will ensure that implementing entities apply fiduciary standards consistent with international best practices, including regarding financial disclosure, transparency and follow the information disclosure guiding principles of the Fund.

25. When providing information to the Fund, implementing entities will be responsible for clearly identifying any document or part thereof or any other type of information which they deem to be confidential. The Fund will not disclose information which it has accepted from the implementing entities on a confidential basis, especially the information made available to the Fund as part of the accreditation process.

26. The Secretariat will make publicly available the final reports, conclusions and recommendations of expert panels and other bodies engaged on accreditation activities. Names, country and contact details of potential implementing entities applying for accreditation will remain confidential until a final recommendation to the Board as to the accreditation of the applicant entity has been made and such recommendation has been approved by the Board.

27. The Secretariat will publish on the Fund's website information on the list of all accredited implementing entities, including contact details.

#### 3.6.2 Funding activities

28. The Fund will also disclose on its website comprehensive information and documents relating to all its funding activities and financed projects, and project-related information and documents prepared by the implementing entities throughout the project cycle, as long as these do not contain information marked as confidential.

29. Information relating to the preparation of funding proposals, implementation, monitoring and evaluation, and information on stakeholder consultations, will be disclosed on implementing entities' own websites and by any other appropriate means according to their respective applicable information disclosure policy, in a manner consistent with the Fund's fiduciary principles and standards, and environmental and social safeguards.

### 3.7. Private Sector Facility and private sector entities information

30. Exceptions to the general principle of presumed disclosure may be invoked where there is a need to protect the legitimate interests of the entities that deal with the Fund's Private Sector Facility, to avoid harm to the business and competitive interests of such entities.

31. While the Fund will disclose all relevant information and documents regarding its Private Sector Facility and related activities, it will ensure that business confidentiality is maintained and will not disclose to the public any proprietary, legally privileged or commercially sensitive information produced or received by the Fund in dealing with private sector entities.

### 3.8. Information to and from other stakeholders

32. The Fund will disclose a wide range of information and documents to the general public and key stakeholders according to the guiding principles outlined in this document. The main means of disclosure are described in Chapter IV below. However, the Fund will keep confidential any information and documents received from external parties that are marked as confidential and accepted as such.

## IV. Means of accessing information

33. The Fund's website will constitute the main vehicle for proactive disclosure of information to a large public. Other means of dissemination will be used by the Fund as may be required to reach its intended audiences. In addition, anyone may contact the Secretariat to request any document or information which is not accessible from the website.

34. **Fund's website.** A wide range of information and documents regarding the Fund and its funded activities, including information referred to in Chapter III above, can be accessed through the Fund's website at <gcfund.net>. Video recordings of Board meetings will be available on the Fund's website through registration within three weeks of each Board meeting. The Fund's website may also provide links to the websites of its accredited entities for stakeholders to be able to access comprehensive information about all Fund-financed projects during the project cycle.

35. **Requests for information.** The Secretariat will entertain external requests. Requests for information may be submitted via the online request form, or by mail or fax, as needed. Guidelines on processing external requests, including time limits for responding, will be developed at a later stage.

36. Requests for information will be submitted in English, which is the working language of the Fund. However, in some instances, the Fund may consider requests made in another official language of a developing country.

37. In responding to external queries, the Secretariat will either provide the requested information or document, referring the requester to the relevant link on the Fund's website whenever possible, or a legitimate reason why the information cannot be given, based on the exceptions to disclosure defined by the Fund.

38. If a requester believes that a request for information has been unreasonably denied, a complaint may be submitted to the Executive Director who will make appropriate arrangements for impartial review of the complaint.

39. **Other means of dissemination.** In addition, the Fund may disseminate relevant information to concerned stakeholders in draft form for consultation purposes, using appropriate channels.

## **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 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.

## **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.

## Annex XXIII: Administrative budget of the Fund for the period from 1 January to 31 December 2014 (in US\$)

|                    | <i><u>Budget</u></i>                |
|--------------------|-------------------------------------|
|                    | <i>1 January – 31 December 2014</i> |
| 1. Board           | 1,244,500                           |
| 2. Secretariat     | 17,130,666                          |
| 3. Interim Trustee | 442,400                             |
| <b>Grand total</b> | <b>18,817,566</b>                   |

**Annex XXIV: Agreement on the Terms and Conditions for the  
Administration of the Green Climate Fund Trust Fund**

MTO No. 069022

**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 [                      ] 2013**

## AGREEMENT

This AGREEMENT on the Terms and Conditions for the Administration of the Green Climate Fund Trust Fund (“Agreement”), dated [ ] 2013, 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”), established for the purpose of the 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 (“Contribution Agreements”), which include the Standard Provisions Applicable to the Green Climate Fund Trust Fund (“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; and

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 desire to enter into this 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 Standard Provisions.

**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. Without prejudice to 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.

1.2. The Trustee shall not be responsible for inquiring or investigating whether any decisions of the Authorized Designee contravene any existing decisions of the Board, and shall have no liability for relying in good faith on any written decisions of the Board or the Authorized Designee, 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 Contributions

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 Contributors, 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 the Bank under its Articles of Agreement or any applicable law, 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 willful misconduct.

## 3. Contributions and Contribution Agreements

3.1. The Trustee may accept Contributions from Contributors who are countries that have ratified the UNFCCC ("Parties to the UNFCCC") in accordance with the provisions of this Agreement and the Contribution Agreements concluded as tripartite agreements between the Fund, the Trustee and the Contributors. 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 the Contribution Agreements.

3.2. The Fund and the Trustee shall enter into a Contribution Agreement with each Contributor. The Contribution Agreement shall provide, among all, that the Contribution from the Contributor shall be administered by the Trustee in accordance with the terms of this Agreement. Except for the Contribution Agreements which have been executed by the Trustee and the Contributors prior to the date of this Agreement, each Contribution Agreement shall substantially be in the form attached to this Agreement in Annex I, or such other form as is acceptable to the secretariat of the Fund ("Secretariat") and the Trustee. For the Contribution Agreements which have been executed by the Trustee and the Contributors prior to the date of this Agreement, the Trustee shall collaborate with the Fund and the Contributors to novate such Contribution Agreements to include the Fund as a party to the agreements and replace the Standard Provisions with the terms and conditions of this Agreement.

3.3. Contributions may be made in the form of grants, by means of payment in cash, or with the agreement of the Trustee, by the delivery of promissory notes payable on demand or similar obligations in a form acceptable to the Trustee. Contributions may be paid in one lump sum or in instalments on the terms agreed with the Trustee. The terms of payments under this paragraph shall be specified in the Contribution Agreement.

3.4. Notwithstanding the provisions of paragraphs 3.1 to 3.3 and subject to paragraph 1 above, the Board may decide to accept Contributions under other terms and arrangements.

## 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 disbursement.

4.3. The Trustee shall invest and reinvest the Contributions pending their disbursement 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 the same purposes as the Contributions.

## 5. Use, Commitment and Transfer of Trust Fund Resources

5.1. The Trustee shall, subject to the availability of applicable resources held in the Trust Fund as determined by the Trustee and to the terms of this Agreement, commit, transfer, and/or, in the case of the administrative costs of the Trustee, use the Trust Fund resources, only at, and in accordance with, the decision of the Board or the Authorized Designee provided to the Trustee in writing.

5.2. The Trustee shall, subject to paragraph 5.1 above, commit and transfer Trust Fund resources in the amount approved by the Board or the Authorized Designee to: (a) the Secretariat; and/or (b) any entity accredited by the Board, following the fulfilment of accreditation process and criteria developed by the Board in accordance with paragraph 49 of the Governing Instrument and on terms agreed with the Trustee and approved by the Board or the Authorized Designee.

5.3. Commitment and transfer of Trust Fund resources to the Secretariat under paragraph 5.2(a) above, including the return of any cancelled or unused Trust Fund resources transferred, shall be made in the manner and procedures agreed between the Secretariat and the Trustee. Commitment and transfer of Trust Fund resources to any accredited entities under paragraph 5.2(b) above, including the return of any cancelled or unused Trust Fund resources transferred, shall be made in the manner and procedures agreed between the Secretariat and the Trustee.

5.4. Upon the transfer of Trust Fund resources to the Secretariat and/or any accredited entities under paragraph 5.2 above, the Trustee shall have no responsibility for the use by the Secretariat and/or such accredited entities of the Trust Fund resources so transferred to them, and the Secretariat and/or each such accredited entity shall be responsible for the use of the Trust Fund resources transferred by the Trustee and the activities carried out therewith in accordance with the applicable decisions of the Board or the Authorized Designee, including the purpose for which the resources have been approved. The Trustee shall not be involved in any action seeking to enforce the return of any misused Trust Fund resources from the Secretariat and/or any of the accredited entities in receipt of the Trust Fund resources transferred under this Agreement.

5.5. For the purpose of financing the administrative costs of the Trustee, the Trustee shall submit to the Board or the Authorized Designee 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 or the Authorized Designee 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 shall be subject to an end of budget period adjustment on the basis of full cost recovery for the services provided during the budget period. To the extent actual costs incurred are lower than the transferred budget amount, funds are to be returned for deposit in the Trust Fund.

## 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 disbursements 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) 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.

6.4. The Board or a Contributor may request, on an exceptional basis, a financial statement audit by the Bank's external auditors of the Trust Fund, and 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 Board or paid by the requesting Contributor if the audit was requested by the Contributor.

7. Authorization and Enforceability

7.1. Each Party hereby represents and warrants that:

- (a) it has all requisite corporate 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 corporate 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 Board and the Trustee.

8.3. The Board may terminate the Bank's role as the interim trustee of the Trust Fund at any time upon three (3) 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, 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 except to the extent needed to avoid discontinuity in trustee services. The Bank shall, in consultation with the Board 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 Board 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 the fees, costs and expenses incurred under this Agreement, shall continue until the affairs of the Trustee have been wound up.

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 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

Headquarters address:  
G-Tower, 24-4 Songdo-Dong,  
Yeosu-GuIncheon City, Republic of Korea

Temporary Address:  
P.O. Box 260124  
53113 Bonn, Germany

Telephone: +49 228 815 1371  
Facsimile: +49 228 815 0349  
E-mail: [isecretariat@gcfund.net](mailto:isecretariat@gcfund.net)

For the Trustee:

Director  
Multilateral Trusteeship and Innovative Financing  
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: [mtotrustee@worldbank.org](mailto:mtotrustee@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 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 will disclose this Agreement and related information on this Trust Fund in accordance with the World Bank Policy on Access to Information. By entering into this Agreement, the Fund consents to disclosure of this Agreement and related information on this Trust Fund.

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: \_\_\_\_\_

(Authorized Representative)

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT, SERVING AS THE INTERIM TRUSTEE OF THE GREEN CLIMATE FUND TRUST**

By: \_\_\_\_\_

(Authorized Representative)

Name: \_\_\_\_\_

Title: \_\_\_\_\_

## ANNEX I

### Form of Contribution Agreement

#### ***Trust Fund Contribution Agreement among the Green Climate Fund, the International Bank for Reconstruction and Development and [name of Contributor] concerning the Green Climate Fund Trust Fund (MTO No. 069022)***

1. The Green Climate Fund (“Fund”) 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”), established for the purpose of the Green Climate Fund, acknowledge that the [name of Contributor] (“Contributor”) agrees to provide the sum of \_\_\_\_\_ [currency] ([currency]\_\_\_\_\_) (“Contribution”) as a grant contribution to the Trust Fund in accordance with the terms of this Agreement. Other contributors are also expected to contribute to the Trust Fund on the terms and conditions specified in paragraph 2.
2. The Contributor agrees that the Trustee shall administer the Contribution in accordance with the Agreement on the Terms and Conditions for the Administration of the Green Climate Fund Trust Fund dated [ ] between the Green Climate Fund and the Trustee (“GCF Trust Fund Agreement”), and the Contributor confirms that it has received a copy of that agreement. The GCF Trust Fund Agreement, as may be amended in accordance with its terms, shall constitute an integral part of this Agreement.
3. The Contributor shall deposit the Contribution into the bank account designated by the Trustee [promptly following countersignature of this Agreement by the Contributor and submission of a payment request by the Trustee.] or [in installments in accordance with the following schedule:
  - (a) promptly following countersignature of this Agreement by the Contributor and upon submission of a payment request by the Trustee, [insert currency and amount of contribution]; [and]
  - (b) on or before [insert date(s)] and upon submission of a payment request by the Trustee, [insert currency and amount of contribution].]
4. When making any deposit, the Contributor shall instruct its bank to include in the payment details information (remittance advice) field of its SWIFT payment message, information indicating: the amount paid, that the payment is made by the Contributor for MTO No. 069022 (Green Climate Fund Trust Fund), and the date of the deposit [(“Deposit Instruction”)].
5. [The Trustee shall convert the Contribution funds into the holding currency of the Trust Fund, which as at the date of this Agreement is United States dollars, promptly upon receipt of the Contribution funds and the Deposit Instruction containing the information specified in paragraph 4 at the exchange rate obtained by the Trustee on the date of the conversion. The Trustee shall hold the Contribution funds in the holding currency of the Trust Fund, which may be subsequently modified by the agreement of the Board of the Green Climate Fund and the Trustee.] or [The Trustee shall hold the Contribution funds in the holding currency of the Trust Fund, which as of the date of this Agreement is United States dollars. The holding currency of the Trust Fund may be subsequently modified by the agreement of the Board of the Green Climate Fund and the Trustee.]<sup>3</sup>
6. [To insert other provisions as the Green Climate Fund and/or the Trustee deem necessary, in the case where the Contributor is not a party to the UNFCCC.]
7. Any notice, request or other communication to be given or made under this Agreement shall be in writing and delivered by mail, facsimile or e-mail to the respective party’s address specified below or at any other address as the party notifies in writing to the other parties from time to time:

<sup>3</sup> If the Contribution is provided in a currency other than United States dollars, use the first bracketed texts. If the Contribution is provided in United States dollars, use the second bracketed texts.

**For the Fund:**

Executive Director  
Green Climate Fund

Headquarter address:  
G-Tower, 24-4 Songdo-Dong,  
Yeonsu-GuIncheon City, Republic of Korea

Temporary Address:  
P.O. Box 260124  
53113 Bonn, Germany

Telephone: +49 228 815 1371  
Facsimile: +49 228 815 0349  
E-mail: isecretariat@gcfund.net

**For the Trustee:**

Director  
Multilateral Trusteeship and Innovative Financing  
The World Bank  
1818 H Street, N.W.  
Washington, D.C. 20433  
U.S.A.

Tel: +1 202 458-0019  
Fax: +1 202 614-0249  
E-mail: mtotruster@worldbank.org

**For the Contributor:**

[Name \_\_\_\_\_]

[Title \_\_\_\_\_]

[Office \_\_\_\_\_]

[Address \_\_\_\_\_]

Tel:

Fax:

E-mail:

8. This Agreement may be amended only in writing among the Fund, the Trustee and the Contributor.
9. Each of the parties to this Agreement represents, by confirming its agreement below, that it is authorized to enter into this Agreement and act in accordance with these terms and conditions. The parties are requested to sign and date this Agreement, and upon possession by the Trustee of this fully signed Agreement, this Agreement shall become effective as of the date of the last signature.

**GREEN CLIMATE FUND**

By: \_\_\_\_\_

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

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT, SERVING AS THE INTERIM TRUSTEE OF THE GREEN CLIMATE FUND TRUST**

By: \_\_\_\_\_

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

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**[NAME OF CONTRIBUTOR]**

By: \_\_\_\_\_

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

Name: \_\_\_\_\_

Title: \_\_\_\_\_

## **Annex 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**

### ***Amendment to the Amended and Restated Transfer Agreement***

### ***Under the Green Climate Fund Trust Fund (MTO No. 069022)***

1. Reference is made to the Amended and Restated Transfer Agreement, effective as of June 19, 2012, between 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”), established for the purpose of the Green Climate Fund, and the secretariat of the United Nations Framework Convention on Climate Change (“UNFCCC secretariat”), in connection with UNFCCC secretariat’s responsibility to provide support in the setting-up and running of the Interim Secretariat of the Green Climate Fund (“Transfer Agreement”).
2. Unless the context requires otherwise, the capitalized terms used in this Amendment shall have the meanings ascribed to them in the Transfer Agreement.
3. Following the approval by the Board to extend the term of the Transfer Agreement to 31 March 2014 in order to facilitate the transition of work from the interim secretariat to the independent secretariat (decision B.05/21), the Parties hereby agree that, notwithstanding paragraph 15 of the Transfer Agreement, the Transfer Agreement shall be terminated on 31 March 2014.
4. All other terms of the Transfer Agreement shall remain the same.
5. The Trustee and/or the UNFCCC secretariat and/or the Interim Secretariat will make this Amendment and any related information on the Trust Fund publicly available in accordance with their policies and procedures with respect to the disclosure of information, in effect at the time of disclosure.
6. This Amendment may be executed in any number of counterparts, all of which taken together shall constitute one and the same instrument.
7. The Parties agree that upon receipt by the Trustee of the copy of this Amendment countersigned by the UNFCCC secretariat, this Amendment shall become effective as of the date of the last signature.

**INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT, SERVING AS THE INTERIM TRUSTEE OF THE GREEN CLIMATE FUND TRUST FUND**

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

Name:

Title:

**SECRETARIAT OF THE UNITED NATIONS FRAMEWORK CONVENTION ON CLIMATE CHANGE**

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

Name:

Title:

\_\_\_\_\_