



**GREEN  
CLIMATE  
FUND**

**Meeting of the Board**  
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Provisional agenda item 7

**GCF/B.40/Inf.12**

4 October 2024

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

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## **Summary**

This document contains the reports on activities that have already been conducted or are planned to be undertaken by the following committees and panels of the Board of the Green Climate Fund during the reporting period from 1 May to 31 August 2024:

- (a) Accreditation Panel
- (b) Accreditation Committee
- (c) Budget Committee
- (d) Investment Committee
- (e) Performance Oversight Committee
- (f) Ad hoc Committee on Human Resource Matters
- (g) Risk Management Committee
- (h) Independent Technical Advisory Panel
- (i) Ethics and Audit Committee

## I. Introduction

1. This report covers the reporting period of 1 May to 31 August 2024. It also indicates activities planned to be carried out by the committees and panels of the Board of the GCF in advance of its fortieth meeting (B.40).

## II. Report on activities of the Accreditation Panel

2. This report addresses the mandate given to the Accreditation Panel (AP) in decision B.07/02, paragraph (g), to serve as an independent technical panel to advise the Board on matters related to the accreditation of entities to GCF. The AP is responsible for conducting the accreditation process in accordance with its terms of reference, as adopted by the Board through decision B.39/05 and updated Modalities of Work, as endorsed by the Board through decision B.37/06, paragraph (a).

### 2.1 Activities during the reporting period

3. During the reporting period, the transition of the AP membership was completed. In decision B.BM-2024/03 the Board reappointed three AP members for the second term: Ben Boxer, Natalie Unterstell and Diana Isiye, and appointed three new members for the first term: Sandra Abiola, Irene Nakiwu Koksæter and Yasmin Saadat. Following an election process, Natalie Unterstell will continue serving as Chair of the AP while Ben Boxer will continue serving as Vice-Chair.

#### Review of accreditation applications

4. Following the Board decision B.37/18, paragraph (q), to extend the accreditation term of all accredited entities (AEs) by three years or until a revised accreditation framework is adopted by the Board, the AP has prioritized the work on an in-depth assessment of new applications for accreditation and accreditation scope upgrade applications that have completed Stage I institutional assessment by the Secretariat. A total of six applications (five applications for accreditation and one application for accreditation scope upgrade) are being prepared to be presented for the Board's consideration at the fortieth meeting of the Board (B.40). The remaining nine accreditation and one upgrade applications are in different points of the review under Stage II (Step 1) - AP review including four that are inactive, and several that are at an advanced review stage. Further details are contained in the document GCF/B.40/03 titled "Consideration of accreditation proposals".

5. During the reporting period, the AP held multiple conference calls with accreditation applicants during the Stage II (Step 1) accreditation review to gain better knowledge of each applicant and to clarify and discuss Stage II (Step 1) questions raised by the AP. The AP has conducted in-person site visits to the headquarters of two applicants (one national direct access entity and one international access entity based in Asia Pacific region) to better understand the applicants' procedures and practices. The AP continues to use expert firms and individual consultants under the Updates to Accreditation Framework.

#### Review of accreditation conditions for Accredited Entities

6. The AP continued to provide guidance including during conference calls to AEs related to ongoing conditions adopted by the Board at the time of their respective accreditation, upgrade or re-accreditation. Following the review of the evidence submitted by five AEs, the AP

considered either all or some of their accreditation conditions fulfilled and closed. Further information on the status of accreditation conditions is contained in the “Status of the fulfilment of accreditation conditions” (document GCF/B.40/03/Add.01).

### **Onboarding of new Accreditation Panel members**

7. Following the appointment by the Board of three new AP members in decision B.BM-2024/03, the current AP membership, with the support of the Secretariat, has been onboarding the newly appointed experts. On the margins of the thirty-ninth meeting of the Board (B.39), the AP held a workshop with dedicated training sessions on GCF and AP’s role and mandate, accreditation standards, in-depth review process, and AP’s draft standard operating procedures for implementing the Updates to Accreditation Framework. The AP intends to continue the onboarding process, focusing on the lessons learned and best practices.

### **Assessment of institutional-level reports under the GCF Monitoring and Accountability Framework**

8. The AP in the second and third quarters of 2024 completed the review of 11 Mid-term Reports and is in the process of reviewing the remaining 2 midterm accreditation review reports submitted by AEs for the calendar year 2023, in line with the AEs’ institutional-level reporting requirements per their Accreditation Master Agreement with GCF and the GCF Monitoring and Accountability Framework.

9. The outcome of the Secretariat and Accreditation Panel’s review of the completed MTRs is contained in the “Accredited entity institutional-level reporting” (document GCF/B.40/03/Add.02).

### **Efficiency and effectiveness**

10. On the margins of B.39, the AP held engagements with the members of the Accreditation Committee (AC), the Secretariat and the Independent Units (IU).

11. During the meeting with AC, the AP provided an update on its work and at the request of the AC, the AP made a presentation on its application of the methodology for establishing a baseline of greenhouse gas emissions and climate resilience for the portfolio of accredited entities during the re-accreditation process<sup>1</sup>. Noting the ongoing work on the Revised Accreditation Framework, the AC requested the AP to prepare a synthesis report on climate investment trends in accredited entities’ portfolios which the AP shared with the AC members in August 2024.

12. The AP Chair also met with the Board’s Co-Chairs and provided an overview of the AP’s role and current capacity. The AP’s potential contribution to the revision of the accreditation framework, leveraging its expertise and experience in the accreditation process and efficiencies demonstrated in Stage II reviews under the Updates to Accreditation Framework, was also discussed. The same topic was discussed during a meeting the AP’s meeting with the Executive Director in the margins of B.39.

13. The AP continued collaborating and coordinating with the Secretariat and IUs to ensure that the AP is up to date on matters related to accreditation. On the margins of B.39, the AP held discussions with the Independent Integrity Unit and the Independent Redress Mechanism Unit on the conflict of interest for all AP members, assessment of the grievance redress mechanisms

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<sup>1</sup> Refer to document GCF/B.28/11/Add.02 titled “Methodology for establishing a baseline of greenhouse gas emissions and climate resilience for the portfolio of accredited entities” developed in accordance with paragraph 35 of the GCF Monitoring and Accountability Framework for Accredited Entities, adopted in decision B.11/10.

of AEs and potential early engagement by these IUs with applicants. The AP was interviewed by the Independent Evaluation Unit as part of its assessment of GCF's Approach to Indigenous Peoples.

14. Furthermore, on the margins of B.39, the AP held informal meetings with the active observers of civil society organizations and private sector organizations, the Independent Technical Advisory Panel, Secretariat staff from the Office of Executive Director who provided an update to the AP on the assessment approach of the PSAA, the Office of Risk Management and Compliance who discussed accreditation and project-level assessments, and the Office of Internal Audit.

15. The AP was consulted by the Secretariat on the Revised Accreditation Framework (draft) and provided feedback and continues to engage with the Secretariat and the Board via the Secretary to the Board on this matter. In addition, the AP provided extensive comments on a zero-draft of the screening requirements that are being developed as part of the critical implementation arrangements for the Revised Accreditation Framework to be presented to the Board at B.40.

## 2.2 Next steps

16. The accreditation process is ongoing, and the AP is continuing its review of six active accreditation applications and one upgrade application (which is inactive) that have completed Stage I, with the aim of providing recommendations at subsequent meetings of the Board. The AP has sufficient capacity to complete Stage II accreditation assessments in the shorter timeframes demonstrated since the B.37 decision to pause re-accreditation, and is pro-actively reviewing the quality and completeness of applicant submissions and providing guidance in advance to applicants to ensure efficient and timely Stage II reviews

17. The AP will continue to work on reviewing evidence provided by AEs pertaining to conditions adopted by the Board at the time of their respective accreditations, upgrades and re-accreditations, with a view to accelerating the closure of condition and providing updates on the conditions at subsequent meetings of the Board.

18. The AP is expecting to review on a rolling basis approximately 13 reports with respect of the fifth year of the accreditation term (decision B.38/18, paragraph (q)) in fourth quarter of 2024 and first quarter of 2025 as they are submitted by the AEs following the Board's decision to extend the accreditation terms of AEs.

## III. Report on activities of the Accreditation Committee

### 3.1 Activities during the reporting period

19. The report of the Accreditation Committee (AC) addresses the mandate given to the AC, in annex IV to decision B.07/02, to provide policy guidance to the Board on accreditation-related matters.

#### 3.1.1. Revision of the Accreditation Framework

20. Overview: In decision B.37/18, paragraph (r), the Board requested the Secretariat, in consultation with the AC, to present a revised accreditation framework to the Board for consideration at the last Board meeting of 2024. Consultations begun prior to, and on the sidelines of B.39, including a session of the Accreditation Committee attended by the Executive

Director. The draft Revised Accreditation Framework was circulated to the AC for review and feedback before its broader distribution to the Board and presentation at B.40.

21. **Timeline:**

- (a) 13 July 2024: On the sidelines of B.39, the AC held its 69<sup>th</sup> meeting to discuss accreditation reform, updated terms of reference (TOR) for the Accreditation Panel (AP), and strategic directions with the Executive Director.
- (b) 18 July 2024: An additional meeting of the AC was held to discuss the Accreditation Framework revision, including the proposed timeline for review and development.
- (c) 5 August 2024: The Secretariat presented the policy concept for the revised Accreditation Framework.
- (d) 9 August 2024: The Secretariat shared the draft revision to the Accreditation Framework to the AC for its review and comments. A virtual meeting of the AC was held 19 August 2024 for the Secretariat to respond to questions by members of the AC. Chair of the Committee submitted written comments to the draft revised accreditation framework.
- (e) Upcoming: The AC plans to further discuss the draft revision during its meeting on the sidelines of B.40.

3.1.2. **Accreditation Panel – Accreditation Committee engagement**

22. On 13 July 2024 a joint AC-AP meeting followed the 69<sup>th</sup> AC meeting (see above) to discuss the AP's activities, entities recommended for B.39, and the updated AP TOR. During the discussion, it was requested by the AC for the AP to develop a synthesis report on climate investment trends in accredited entities' portfolios which was shared by the AP with the AC in August 2024.

3.1.3. **Changes to the committee membership**

23. On 5 August 2024, members of the AC and Secretariat were informed of a change in the membership of the Board, where Ms. Alexandra (Sandra) Louiszoon replaced Ms. Charlotte Just. Consequently, and in accordance with applicable rules, Ms. Alexandra (Sandra) Louiszoon succeeded her also at the AC.

## **IV. Report on activities of the Budget Committee**

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

### **4.1 Activities during the reporting period**

25. During the reporting period, the BC conducted four virtual and one in-person meeting from 1 May to 31 August 2024. In addition to the meetings, several issues were resolved through the exchange of views via email. The members of the BC also participated in meetings with the members of the Ethics and Audit Committee, the Ad hoc HR Committee and the Investment Committee.

26. At its meeting on 9 May 2024, the BC members discussed the status of the adoption and application of the updated Administrative Budget and Accounting Framework (ABAF). The BC

requested that it be a recurring item at the BC meetings until the 2025-27 Multi-year Budget approvals at B.40. The BC also reviewed the actual budget execution of the Trustee during the year 2023 and was updated on the execution status of the administrative budgets of the Fund for 2024.

27. During the meeting on 13 June 2024, the BC members discussed the status of the adoption and application of the updated Administrative Budget and Accounting Framework (ABAF). The BC also reviewed and endorsed the Report on the execution of the administrative budgets of the Fund for 2024. The BC also discussed the joint meetings with other committees on issues of joint interest during the week of the thirty-ninth meeting of the Board, especially the increasing number of items being discussed in other committees that have budgetary implications.

28. The Budget committee met in person on 14 July 2024 on the sidelines of the thirty-ninth meeting of the Board. During the meeting, the BC members discussed the status of the adoption and application of the updated Administrative Budget and Accounting Framework (ABAF). The BC also reviewed the updated status on the execution of the administrative budgets of the Fund for 2024. The also provided guidance on the additional budget requirement for the implementation of the work related to the performance evaluation and performance-related pay for Board-appointed Officials.

29. At its meeting on 8 August 2024, the BC members discussed the status and timeline of the 2025-27 administrative budgets. The BC was also updated on the execution status of the administrative budgets of the Fund for 2024. The BC reviewed the initial 2025-27 work plan and budget proposal of the Independent Evaluation Unit (IEU) and provided their views and comments.

30. At its meeting on 26 August 2024, the BC members were updated on the status and timeline of the 2025-27 administrative budgets. The BC was also updated on the execution status of the administrative budgets of the Fund for 2024. The BC reviewed the initial 2025-27 work plan and budget proposal of the Secretariat and provided their views and comments.

## 4.2 Next steps

31. The BC will meet multiple times before the fortieth meeting of the Board to review the administrative budget requests for the Secretariat, the Board, the Trustee and the independent units for 2025-27. The BC will also discuss any other matters requiring input from the BC. The BC will also meet in person during the fortieth meeting of the Board.

32. The BC also intends to meet after the fortieth meeting of the Board and towards the end of the year to set the plan for next year.

## V. Report on activities of the Investment Committee

### 5.1 Organizational Activities

33. The Investment Committee (IC) held an in-person meeting on the margins of B.39 in Songdo, Incheon, Republic of Korea, on 13 July 2024. During the meeting, the IC discussed matters related to local currency financing (LCF) and the review of the structure and effectiveness of the independent Technical Advisory Panel (iTAP).

34. During the reporting period, the IC held two virtual meetings:



- (a) On 4 June 2024, the Secretariat presented a revised paper on a proposed “Foreign Exchange Management Framework” (FEMF). Discussions on the review of the structure and effectiveness of the iTAP were initially also scheduled for this meeting but had to be postponed due to insufficient time; and
- (b) On 27 June 2024, the IC discussed matters related to the review of the structure and effectiveness of the iTAP.
35. The IC had an additional online meeting after the reporting period on 20 September 2024, where they discussed matters related to broader iTAP review TOR for Board consideration at B.40, matters related to FEMF, and the independent evaluation of the GCF’s Investment Framework. The Committee resumed discussions on the review of financial terms and conditions (FTC) of the GCF.

## 5.2 Activities during the reporting period

### 5.2.1 Foreign exchange management framework

36. Members of the IC continued to engage bilaterally with the Secretariat to address differing views of the local currency financing pilot programme (LCF) mandated by decision B.33/14, paragraph (c), and subsequent decision B.36/16, paragraphs (c) and (d).
37. Based on those bilateral engagements, on 4 June 2024, the Secretariat presented a revised paper titled “Foreign Exchange Risk Management Framework” that reframed the discussion from a narrow focus on GCF providing direct local currency finance to a broader one on helping GCF’s partners managing foreign exchange risk in GCF funded activities. The IC noted that this approach of developing a FEMF aims to move forward the conversation on how GCF can best assist its borrowers in managing their foreign exchange risks. This conversation has been informed by the valuable work undertaken at B.33, B.36 and B.37 on LCF. The IC agreed it was necessary to obtain more information and analysis on certain elements of the paper for a clearer understanding of the FEMF. The IC agreed on the next steps for this matter and undertook to provide written comments on the paper presented within a two-week period (ending on 18 June 2024).
38. On 27 June 2024 the Secretariat provided a compilation of comments received from the IC, including a response from the Secretariat to the points raised. The IC discussed the FEMF, and the range of comments received including the response from the Secretariat, and agreed on preparing a draft decision text to present to the Board in its upcoming Board meeting (B.39).
39. On 13 July 2024, the IC held a meeting on the margins of B.39 and finalized the discussion on the FEMF by agreeing on the elements to include as part of a proposed decision text, as well as on the next steps for this agenda item. The IC agreed that while continuing to develop the FEMF, it should undertake a comprehensive assessment of current GCF foreign exchange exposure. With support from the Secretariat, the IC will assess the risks, costs and resource requirements of a range of instruments, including hedged and unhedged options, that may form part of the FEMF.
40. In response to decision B.39/03, the Secretariat prepared a note to provide an update to the IC on further work on the FEMF and timeline. On 20 September 2024 the Committee discussed the proposed timeline and noted it might be too ambitious considering the ongoing preparations for B.40 and the changes in the GCF senior management, The IC agreed some flexibility may be needed, and requested the Secretariat to share a revised timeline for discussion at its upcoming IC meeting on the margins of B.40.

### 5.2.2. **Review of the structure and effectiveness of the Independent Technical Advisory Panel**

41. In response to decision B.28/03, paragraph (d), the IC, with the support of the Secretariat, commissioned a review of the structure and effectiveness of the iTAP, which was completed by an external consultant in 2023.

42. On 27 June 2024, the IC continued discussions on this matter, following up from its discussion at the sidelines of B.38. The Executive Director participated in the meeting and, along with IC members, acknowledged the importance of having an independent voice in the funding proposal approval process, but questioned whether the current iTAP arrangements were the best way to achieve this. IC members raised some concerns that were not addressed in the initial review, and questioned whether a new review might be the way forward to ensure all concerns are addressed. Some members consider that the iTAP plays an important role in supporting the Board to make the right decisions, and if a new review takes place, the next steps should address how to improve it, including the value on quality at entry and its advisory role.

43. On 13 July 2024, after several months of discussion, the IC noted limitations in the initial review and agreed not to take forward the recommendations. Following deliberations, the IC acknowledged that GCF has presented several changes since the establishment of the iTAP and agreed it would be useful to have a broader review of the function, governance and role of the iTAP in supporting GCF business and Board decision-making. The IC recommended a draft decision for Board consideration for a new study to be undertaken, focusing on the evolution of GCF since the establishment of the iTAP at B.07 and the type of independent technical assessment that the GCF needs in context of the second replenishment period of GCF. The IC agreed on the importance of ensuring comprehensive stakeholder consultations. At B.39, the Board accepted the recommendation; it adopted decision B.39/04 accordingly and requested the IC to prepare terms of reference for such a review.

44. In response to B.39/04, the Secretariat shared with the IC on 22 August 2024 draft terms of reference for the commission of a broader review of the function, governance and role of the iTAP in supporting GCF business and Board decision-making. The Secretariat prepared a matrix of responses to written comments from the IC, and on 20 September 2024, the IC discussed the current status of the TORs, and encouraged a greater emphasis on stakeholder engagement. The Secretariat noted that ensuring sufficient stakeholder engagement could extend the review period, with a final report in late 2025 and the IC presenting a proposal to the Board in early 2026. Members expressed some concern with this timeline and noted that the review will need to be flexible to accommodate any foundational changes stemming from the GCF-3 Strategic Plan to be negotiated in 2026 or 2027. Members asked for reassurance that the review would strengthen the role of iTAP, not decrease it. The IC stressed the importance of having all IC members comments reflected in the final version and raised concerns over not receiving comments from some of the members. The Secretariat will share with the Committee a revised version with the feedback incorporated for the IC with the aim of publishing the TORs for consideration by the Board at B.40.

### 5.2.3. **Independent evaluation of the Investment Framework**

45. In its decision B.39/17 paragraph (c), the Board requested the IC to further consider the independent evaluation of the GCF's Investment Framework undertaken by the IEU, including its findings and recommendations, as well as the Secretariat's management response, and submit its recommendations to the Board for consideration.

46. On 20 September 2024, the Committee discussed the evaluation recommendations and management response. Members noted the relevance of the evaluation's conclusions and the



Board's role in providing strategic guidance on the depth and breadth of GCF financing. They also inquired the relevance of the Investment Framework for private sector proposals, given the different considerations from the public sector. Members also noted the recommendation on better alignment between the Investment Framework and the Integrated Results Management Framework (IRMF) and the proposed timeline for updating the IRMF later in GCF-2.

47. The IC agreed that further clarification on the IC's role in reviewing the evaluation recommendations and management response was needed and agreed to continue discussions on this matter at its next meeting at B.40.

#### 5.2.4. Review of the financial terms & conditions of the GCF

48. The Committee resumed discussions on the review of the FTC which were halted in 2023 due to the discussions on LCF. In decision B.33/14 (a), the Board requested the Secretariat to review the FTC with a view for the Investment Committee to review and make a recommendation to the Board for consideration. The Secretariat highlighted how the review found they are broadly fit for purpose. There was some analysis that the internal guidelines could be strengthened, and more clearly aligned with the Strategic Plan 2024-2027. The Committee noted the Secretariat had done some work on a draft paper, and they requested the Secretariat to report back at the next IC meeting on the margins of B.40 to decide on the way forward.

### 5.3 Next steps

49. The IC will finalize discussions on the iTAP review TOR and present the terms of reference of a broader review of the function, governance and role of the iTAP for consideration of the Board at B.40.

50. The IC will agree on the timeline for further work on the FEMF per the decision of the Board ahead of its consideration by B.41. While developing this framework, the Secretariat will undertake further analysis and report to the IC on the existing GCF foreign exchange exposure, and assess the risks, costs and resource requirements of a range of instruments, including hedged and unhedged options.

51. On matters related to the independent evaluation of the Investment Framework, the Committee recommended the next steps to be proceeding with highlighting what is in the management response.

52. The IC will resume discussions on the financial terms and conditions of GCF to ensure their alignment with the updated Strategic Plan for the GCF 2024–2027 and decide on the way forward to close out this mandate.

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

53. This report addresses the mandate given to the Performance Oversight Committee (POC) in decision B.21/13, Annex XIV to assist the Board with the performance management of the Head of the Independent Evaluation Unit, the Head of the Independent Integrity Unit, the Head of the Independent Redress Mechanism and the Executive Director of the Secretariat of the Green Climate Fund (collectively referred to as Board Appointed Officials, or BAOs).

## 6.1 Activities during the reporting period

54. During the reporting period, the Performance Oversight Committee (POC, or “Committee”) convened one meeting, in the margins of B.39, in Songdo, Republic of Korea. Additionally, the POC also held meetings with the Board Appointed Officials (BAOs) regarding their respective performance and probation, in May and July 2024.

55. During B.39, the POC convened a committee meeting, inviting the Secretariat to present the performance roadmap for each of the four BAOs. The key outcomes of the meeting were as follows:

- (a) The POC’s agreement to the updated timeline proposed by the Secretariat for the 2024 cycle;
- (b) Establishment of a plan for 2025, whereby the POC will review the workplan of the BAOs for the 2025 cycle;
- (c) The process to confirm the appointment of the BAOs under probation was agreed to be communicated to the Secretariat in writing.

56. The POC confirmed the appointment of three BAOs. The POC also decided to proceed with a proposal to revise the budget to engage an external firm to support the performance review process of the BAOs. This decision was endorsed by the Budget Committee (BC) for the year 2024. Furthermore, both the POC and the BC agreed to review the 2025–2027 multi-year budget to cover the costs of the external firm over the next three years. Discussions with the Procurement Department are ongoing to finalize the contract.

## 6.2 Next steps

57. The POC plans to convene at least one virtual meeting before B.40 and one meeting in-person during B.40, in Songdo, Republic of Korea.

58. The Committee will also conduct a full performance evaluation of two of the BAOs for the 2024 cycle and engage in discussions regarding workplans with all the BAOs in preparation for the 2025 cycle.

59. The Secretariat is finalizing the procurement process for the external firm, which was selected by the POC. The firm is planned to support the performance review for 2024, 2025 and 2026 cycles.

## VII. Report on activities of the ad hoc Committee on Human Resource Matters

60. The mandate given to the ad hoc Committee on Human Resources Matters (HRC) (decision B.37/04, Annex III) is to review the progress made by, and provide guidance to, the Secretariat in relation to the development of the policy matters related to compensation philosophy, salary structure, and the principles-based Administrative Guidelines on Human Resources (AGHR)—mandated to the Secretariat via decision B.34/21, paragraphs (b), (c)<sup>1</sup> and (i).

### 7.1 Activities during the reporting period

61. During the reporting period, the HRC convened five meetings: three by virtual means, on 21 May, 13 June, and 20 August 2024; and, two in person during B.39—including a joint meeting

with the Budget Committee (BC). Alongside these meetings, the Committee also revised materials and gave inputs via email communications.

62. At the meeting on 21 May 2024, the HRC received a briefing on feedback from internal consultations regarding the Job Architecture (phase 1 of the Revised Salary Structure). The Secretariat presented an outline of the Staff Regulations and the HRC revised the proposed timeline for the Staff Regulations.

63. Part of the HRC also participated in the Technical Session on 11 June 2024, where they informally presented the Revised Salary Structure to the GCF Board. They provided comments and emphasized the importance of this initiative to the session's participants.

64. On 13 June 2024, the HRC and the Secretariat met to review and gather feedback on the draft Staff Regulations paper. The document was also circulated to HRC members for written input.

65. During B.39 in Songdo, Republic of Korea, the HRC held an in-person meeting, where the Executive Director participated in an open discussion about the timeline and budget implications of the HR policies in relation to the newly proposed multi-year budget. The Secretariat also presented feedback received during internal consultations on the draft Staff Regulations. Also at B.39, the HRC held a joint meeting with the BC to initiate discussions on integrating the budget impact of the HR policy review into the multi-year budget, which is to be presented at B.40. Members of both the BC and HRC discussed strategies to mitigate potential challenges and delays.

66. On 20 August 2024, the Secretariat presented to the HRC the benchmark process for the Revised Salary Review, including comparator organizations, and the review of the scale for 2025. Peer groups were presented to the HRC, and based on the recommendation of the consulting firm, included organisations and companies from quasi-public, public, impact investing/humanitarian, and private sectors.

## 7.2 Next steps

67. The HRC plans to convene two meetings prior to B.40 to continue discussions on the Staff Regulations and to review the materials received by the external firm supporting the proposed Revised Salary Structure. The HRC also plans to convene one meeting in-person during B.40.

68. The Draft Rules are expected to be presented to the HRC before the Regulations are submitted for Board approval. Additionally, the HRC shall provide their inputs to the proposed salary scale review methodology that will be presented to the Board. As a result, the final HR Policies package is anticipated to be delivered by B.41.

## VIII. Report on the activities of the Risk Management Committee

### 8.1 Activities during the reporting period

69. During the reporting period, the Risk Management Committee (RMC) held 3 meetings and one joint discussion with the Budget Committee to advance the update of the Risk Appetite Statement (RAS) and consider other matters with risk management implications. The 3 RMC meetings took place on the 27<sup>th</sup> of June, 15<sup>th</sup> of July, and 01<sup>st</sup> of August. The joint meeting with

the Budget Committee members took place on the 13<sup>th</sup> of July. In addition, the RMC members present held a discussion on 14<sup>th</sup> of August.

70. During the 27<sup>th</sup> of June meeting, the Secretariat presented a status update of the revision of the RAS and shared the revised RAS. RMC discussed the key amendments to the RAS and provided comments and feedback to the Secretariat.

71. During the BC-RMC joint discussion held on the 13<sup>th</sup> of July, several members from both committees met to discuss FX hedging and its implications for risk management and budget. A presentation of various hedging options was provided, and a discussion took place on the cost-benefit of each of them,

72. During the 15<sup>th</sup> of July meeting, the RMC discussed the Local Currency Financing Pilot decision text proposed by the IC per the request of the IC and continued the work on the updated RAS. On the proposed LCF Pilot decision text, RMC discussed the impacts on RMC's work including the RAS update, and recommended that the IC also consider the impacts of the different FX risk mitigation instruments and options on the beneficiaries. RMC also recommended that joint meetings between the RMC and IC be considered. On the draft RAS, RMC continued discussions on key sections of the updated draft and provided feedback to the Secretariat. The RMC also requested the Secretariat to update the RMC on the risks associated with different options being considered as the Secretariat continues its work on the regional presence study.

73. During the 01<sup>st</sup> of August meeting, the Secretariat presented the comment and response matrix based on the written feedback received from RMC members on the draft RAS and presented recommendations on the next steps. The RMC endorsed the Secretariat's recommendations and provided guidance to the Secretariat on the proposed concentration monitoring thresholds.

74. During the 14<sup>th</sup> of August discussion, RMC members present discussed comments and suggested edits from RMC members and the Board consultation process. The draft RAS consultation package was subsequently endorsed by the RMC on a non-objection basis for consultation with the Board. RMC instructed the Secretariat to provide a training to the Board on risk management, hold a technical session in addition to written consultation with the Board.

75. On August 29, RMC hosted a technical session for the Board and Active Observers on the updated RAS with the assistance of the Secretariat.

## 8.2 Next steps

76. RMC will review the comments received during the consultation period and update the RAS as necessary. The policy package is targeted to be considered by the Board at B.40.

## **IX. Report on the activities of the independent Technical Advisory Panel**

### 9.1 Review of funding proposals

77. During the reporting period, the independent Technical Advisory Panel (iTAP) continued to review funding proposals and conduct its assessments in accordance with the initial investment framework (adopted in decision B.07/06) and the guidelines provided through various subsequent decisions, in particular the activity-specific sub-criteria and indicative assessment factors adopted in decision B.09/05.
78. For the fortieth meeting of the Board (B.40) the iTAP received advance notification of 25 funding proposals, but ultimately the Secretariat only submitted 18 to the iTAP for assessment. Among these, during the reviewing period the iTAP expected to receive three proposals under the new project-specific assessment approach (PSAA); however, only one PSAA proposal was submitted. As regards the broader shortfall the Secretariat indicated that the non-submitted proposals had been withdrawn from the B.40 list and would be deferred to a later Board meeting.
79. Of the 18 proposals, six were submitted in advance of the deadline – two of them on 19 July 2024, one on 22 July 2024 and three on 2 August 2024. One of these was submitted under the simplified approval process (SAP) and five under the standard proposal approval process (PAP). In terms of annex II to decision B.28/03, a SAP proposal can be submitted at any time, whereas PAP proposals should be submitted on a fortnightly basis. For B.40, the PAP proposals did not come in on the fortnightly basis envisaged in the decision, which would have meant well-spaced submissions – for example, on 12 July and 26 July (or earlier fortnightly deadlines). The effect of this submission pattern was to spread the assessment workload, but only slightly. The remaining 12 funding proposals were submitted as a batch on the last possible date, on 9 August 2024. Three of the proposals submitted to the iTAP were resubmissions.
80. The iTAP held meetings on 14 July 2024 (focused on the early submissions) and 9 August 2024 (focused on the last batch) to allocate the roles of lead, second and two peer reviewers for assessments under the PAP, and lead and second reviewers for assessments under the SAP. The iTAP continued assessing projects under the new SAP review modality, following the implementation of changes to allow for the streamlining of SAP reviews by both the Secretariat and the iTAP, as requested by the Board in decision B.32/05.
81. For proposals under the PAP, the iTAP engaged virtually with the accredited entities (AEs) and the Secretariat through written question-and-answer exchanges, as well as video interviews, to gain a better understanding of the funding proposals, and for panel members to pose follow-up questions to the AEs. For SAP proposals, as part of the new simplified review process, written questions with follow-up calls with AEs were not included in the process. However, the Secretariat remained available to facilitate specific queries and responses from the iTAP upon request.
82. Where necessary, as part of the iTAP finalization of the assessments, the iTAP received written feedback from the Office of the General Counsel before finalizing the assessments.
83. Of the 18 funding proposals assessed in this round, the iTAP recommended the approval of 16 by the Board at B.40 (14 of these contained recommendations from the iTAP to the AE on how to potentially improve the success of the proposed project. Five of those recommended for approval also contained proposed conditions and/or covenants that the board is recommended to include in their approval of the funding proposal. The remaining two funding proposals were not recommended for approval by the Board at B.40. As usual, the iTAP assessments of these two proposals are circulated to Board Members and Advisors by Limited Distribution Document.

## 9.2 Other matters

84. The iTAP held a hybrid “Meet the iTAP” webinar session on the margins of B.39 in Songdo, Incheon, Republic of Korea. For this occasion, panel member Carmenza Robledo delivered a presentation on “Mitigation options in the AFOLU sector”. The event involved active participation from Board members, representatives of AEs and members of the Secretariat. This webinar continues to be part of the engagement activity the iTAP performs at every Board meeting to enable discussion and feedback with AEs.
85. On the margins of B.39, the iTAP engaged with the Investment Committee to discuss matters related to the non-endorsement of three proposals, and elements in relation to the conditions suggested to the Board by the iTAP. During this meeting, the iTAP provided to the committee further insights on the outcome of its assessments. It also remained open to continue engaging with the committee and Board members and to provide feedback on any questions or concerns the Board might have.
86. The iTAP continued engaging with the Secretariat both virtually and in person on the margins of B.39. The iTAP held meetings with the Division of Mitigation and Adaptation and the Division of Private Sector Facility to discuss matters relating to the upcoming pipeline. Secretariat task teams for three of the proposals submitted as part of the early batches provided the iTAP members with a brief presentation on these funding proposals before they were submitted. This also presented a good opportunity to the iTAP to explain to new colleagues how the iTAP review process works, including the timeline for the written question-and-answer exchange and the question-and-answer session with the AE, and submission of the iTAP final assessment.
87. Meetings were held on the margins of B.39 between the iTAP and members of the Climate Impact Assessment Team in the Secretariat to discuss issues related to the assessment of mitigation impact potential, the Secretariat’s proposed new climate information gateway and trends in climate change impact modelling by AEs. These meetings also included demonstrations of climate impact potential in the funding proposals.

## **X. Report on activities of the Ethics and Audit Committee**

### **10.1 Introduction**

88. The Ethics and Audit Committee (EAC), a standing Committee of the Board, continues its tasks in accordance with its terms of reference (decision B.05/13, annex XVIII), to provide guidance on issues pertaining to conflict of interest, confidentiality, ethics, financial management, procurement, and other audit functions as they relate to the Board. The EAC also provides guidance to the Independent Redress Mechanism (IRM) and the Independent Integrity Unit (IIU).
89. The Chair of the EAC is Stephane Cieniewski. On 20 September 2024, Giulia Christianson joined the GCF Board and the EAC, replacing Edward Etkorn.
90. This report covers the period from 18 June to 20 September 2024. During the reporting period, the EAC held four meetings, and continued addressing mandates from the Board and receiving information and reports from relevant stakeholders by e-mail.

### **10.2 Report on activities during the reporting period**

91. The following items were the main issues considered by the EAC:
- (a) Matters concerning the approval of the proposed workplans and budgets of the independent units (IUs);



- (b) Matters arising out of the workplans of the IUs; and
- (c) Matters arising out of the implementation of the GCF integrity policy framework, and in particular with relation to anti-money-laundering and prohibited practices.

## 10.3 Activities addressing mandates from the Board

### 10.3.1. Proposed workplans and budgets of the independent units

92. Under the terms of reference of the IIU and the IRM<sup>2</sup> the EAC recommends to the Board the proposed budgetary requests of the IUs. To this end, the EAC held an initial meeting with the Heads of the IUs and several members of the Budget Committee, including its Chair, to discuss the principles which would guide the preparation of the first set of budgets under the new, multiannual budgeting and accounting framework of the Fund. Following that meeting, the EAC held two further meetings which were to a large extent dedicated to the review of the draft workplans and budgets of the IUs. At its 105<sup>th</sup> meeting held on 18 September 2024, the EAC recommended specific scenarios and options. Following discussions at the Budget Committee, further work on the on the budget proposals was undertaken via e-mail but at the time of reporting is not concluded yet.

### 10.3.2. Matters arising out of the workplans of the independent units

93. The EAC received and noted the IRM Quarterly Report – 1 April – 30 June 2024. The EAC also received, considered, and endorsed the IIU Activity Report for the period from 8 June to 13 September 2024 ahead of its submission to the Board at its fortieth meeting (B.40).

94. The EAC also held a series of confidential meetings with the Head and representatives of the IIU on matters relating to investigations under the integrity framework.

### 10.3.3. Matters arising out of the implementation of the integrity policy framework

95. **Anti-money-laundering and countering the financing of terrorism (AML/CTF).** At its 102<sup>nd</sup> meeting, which took place on the sidelines of B.39 in July 2024, the EAC received a presentation and update by the Head, Office of Risk Management and Compliance, on the progress made towards the preparation of the AML/CTF standard operating procedures (SOPs). The SOPs are being developed in close cooperation with the Office of Internal Audit (OIA) and the IIU.

96. **Administrative remedies and exclusions.** At that same meeting the EAC also took note of the progress towards the drafting of the suite of “subsidiary documents” required for the full operationalization of the GCF Administrative Remedies and Exclusions Policy.<sup>3</sup> The work is spearheaded by the IIU, in close cooperation with the Secretariat.

97. **Whistleblowers and witnesses.** The EAC met twice with representatives of the Independent Evaluation Unit to discuss the independent evaluation of the GCF’s Approach to the Protection of Whistleblowers and Witnesses (PPWW). The evaluation and its report are intended to be presented to the Board at B.40. The EAC also discussed with the IIU the next steps towards EAC’s broader review of the implementation of the PPWW, as stemming from its mandate under the PPWW.<sup>4</sup>

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<sup>2</sup> Respectively adopted through decision B.06/09, paragraph (b), and decision B.BM-2017/10.

<sup>3</sup> Decision B.BM-2021/09.

<sup>4</sup> Decision B.BM-2018/21, annex I.

## 10.4 Next steps

98. The EAC will continue to perform its functions in accordance with its mandate.
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