



**GREEN  
CLIMATE  
FUND**

**Meeting of the Board**

13 – 16 March 2023

Songdo, Incheon, Republic of Korea

Provisional agenda item 7

**GCF/B.35/Inf.09/Add.01**

15 March 2023

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

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## **Summary**

This document contains the reports on activities that have already conducted or are planned to be undertaken by the following committees and panels of the Board of the Green Climate Fund during the reporting period from 1 September 2022 to 31 January 2023:

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

## I. Introduction

1. 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.

## II. Report on activities of the Budget Committee

### 2.1 Activities during the reporting period

2. During the reporting period, the BC conducted four virtual meetings from September 1, 2022 to 31 January 2023. Apart from the virtual meeting, the budget committee also met in person before the thirty-fourth meeting of the Board and resolved several issues via email exchange.

3. At its meeting on September 15, 2022, The Budget Committee (BC) members discussed the 2023 Work plan and Budget of the Independent Evaluation Unit (IEU). The Budget Committee members sought further information and provided their comments on the Work plan. The Budget committee noted and requested IEU to submit a revised budget. Besides, they discussed the 2023 Work Programme of the Secretariat and the annual administrative Budget of the GCF Secretariat, Board, and Trustee and suggested to revise the budget to include the B.30 decision as part of the baseline.

4. On September 16, 2022, the Budget Committee met to discuss the 2023 Work Programmes and Budgets of the Independent Integrity Unit (IIU) and the Independent Redress Mechanism (IRM). The Budget committee members underscored the need for the budget to be based on the Work Programme and hence recommended a formal review and clearance by the EAC. The Budget committee also provided initial comments on the IIU's and IRM's budget but recommended obtaining formal endorsement of their Work programme and Budget by the EAC before BC's consideration.

5. At its meeting on September 22, 2022, The Budget Committee (BC) members discussed the revised 2023 Work Programme of the Secretariat and the annual administrative Budget of the GCF Secretariat, Board, and Trustee. The Budget committee provided their inputs and comments with the suggestions and recommended another meeting to conclude the review and endorsement of the budgets. In parallel, the Budget Committee also recommended reviewed and endorsed circulating the "Report on the execution of the administrative budgets" on a no-objection basis.

6. The Budget committee met again on September 26, 2022 to review and discuss the revised 2023 Work Programme of the Secretariat and the annual administrative Budget of the GCF Secretariat, Board, and Trustee. Having received all the requested clarity on the Secretariat Work Programme and budget, the Budget Committee endorsed it on a no-objection basis.

7. The Budget committee also reviewed the 2023 Work plan and Budget of the Independent Evaluation Unit (IEU) and cleared it on a no-objection basis.

8. After the EAC endorsement of the Work Programmes of the IIU and IRM, the Budget committee met on September 29, 2022 to review and discuss the Work Programmes and subsequently endorsed the budgets via email on a no-objection basis, having been satisfied that their recommendations had been actioned.

9. A day before the thirty-fourth meeting of the Board, the Budget Committee met in person on October 16, 2023. The budget committee discussed the quorum issues that the committee faced during the 2023 budget discussions. The Budget committee discussed the way

forward for the budget committee reporting from Secretariat and budgetary implications and discussions around USP-2. The Budget committee also discussed the challenges of working with the Ethics and Audit committee (EAC) and agreed to discuss these with the Co-chairs.

10. Annex I to this report contains the annual workplan of the BC.

## 2.2 Next steps

11. The Budget Committee plans to meet on 20<sup>th</sup> February 2023, and in March 2023 ahead of the Thirty-fifth meeting of the Board.

## III. Report on the activities of the Ethics and Audit Committee

12. The Ethics and Audit Committee (EAC), a standing Committee of the Board, continues its task in accordance with its terms of reference (decision B.05/13, annex XVIII), to provide guidance on issues of conflicts 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).

13. The current EAC Chair is Mr. Nauman Bhatti. In February 2023, Mrs. Alison Carlin, alternate Board member, replaced Mrs. Fiona Ralph, on one of the developed countries constituency seat. One seat from the developing constituency remains vacant since the replacement of EAC member Mrs. Nadia Spencer-Henry on the Board. The EAC currently has 5 members.

14. This report covers the period from 31 August 2022 to 10 March 2023. During the reporting period, the EAC held four meetings to discuss and provide guidance to the Secretariat, the IIU and the IRM on the key mandates given by the Board.

### 3.1 Report on activities during the reporting period

15. The following items were the main issues considered by the EAC:

- (a) Matters concerning the workplans and budgets of the IIU and IRM;
- (b) Matters relating to the Selection of the Head of the Independent Redress Mechanism and the Head of the Independent Integrity Unit;
- (c) Matters addressing conflicts of interest; and
- (d) Requests for waiver under the Policy on Ethics and Conflict of Interest for the Board.

16. The meetings were attended by EAC members, advisors, the Secretariat, and the external recruitment firm.

### 3.2 Activities addressing mandates from the Board

#### 3.2.1 Matters concerning the workplans and budget of the Independent Units

17. **IRMU Workplan and Budget** – The EAC considered the proposed IRMU workplan and budget, including the request for additional staff. The EAC provided necessary guidance on the staffing perspectives and plans in light of the ongoing recruitment of the new Head of the Unit.

18. **IIU Workplan and Budget** - The EAC considered the IIU proposed workplan and budget as well as Unit's planned activities including outreach, capacity building and the integrity review initiative. The EAC also reviewed information on caseload, trends and future expectations.

### 3.2.2. **Matters concerning the selection of the Heads of Independent Units**

19. At its 31st meeting held in March 2022 the GCF Board mandated the EAC to make a recommendation to the Board on the selection of the Head of the IIU and the Head of IRM. Through the same Decision B.31/13, the Board approved the Terms of Reference for the Selection Process. The EAC conducted the selection process with the assistance of external recruitment firm and the secretariat, with a view to submit its recommendations on the selection of Head of the IIU and the Head of IRM, for consideration by the Board at its 35<sup>th</sup> meeting to be held from 13-16 March 2023.

### 3.2.3. **Matters arising out of the implementation of the GCF integrity framework**

20. The EAC reviewed various requests for guidance and/or waivers, as applicable, under the policies on Ethics and Conflict of interest and made necessary recommendations to the Board.

## 3.3 Next steps

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

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

22. Through B.BM-2020/04, the Board delegated the authority to the Performance Oversight Committee (POC) to approve the annual base salary increases of the Board Appointed Officials (BAOs), subject to budget availability.

### 4.1 Activities during the reporting period

23. As there were a few departures and new appointments among the BAOs, the POC requested legal advice from the Office of General Counsel (OGC) for each case before determining the 2022 performance evaluation for the BAOs.

24. The POC members received legal advice on 20 September 2022 regarding the current BAOs' performance evaluation and the potential risks of not conducting the evaluations. It was then determined that the POC will perform 2022 evaluations for the Executive Director and the Head of the Independent of Evaluation Unit (IEU) ad interim.

25. The POC decided to proceed with the evaluation without contracting with an external firm for 2022. The Committee decided to independently conduct the evaluations. In preparation, they reviewed the 2021 performance evaluation results of each BAO which evaluated the BAOs against six competencies.

26. The POC conducted the 2022 performance evaluation for the Executive Director and the Head of IEU a.i. with the same six competency areas evaluated as 2021. The six competency areas considered were: Strategic Leadership & Delivery, Operational

Matters, Administrative Matters, Support to the Board, Relationship with Stakeholders, and Leadership Behaviors.

27. Performance evaluation discussions were scheduled with each BAO. The POC met with the Executive Director on 1 December 2022 and subsequently with the Head of IEU on 13 December 2022 to discuss and evaluate his 2022 performance. The POC completed their evaluations for each BAO using a 5-point scale.

28. It had been decided that a new external firm was needed to support the evaluation of the performance of BAOs. SRI, also conducting executive search for the BAOs, would be discontinued for performance management due to a potential conflict of interest. The POC approved the terms of reference for the procurement of a new external firm to support the POC on the BAO's performance evaluation from 2023 onwards with a long-term agreement for three years. Annex II to this report contains the annual workplan of the POC.

## 4.2 Next steps

29. The POC will finalise the evaluation and decide on the merit increase for the Executive Director and the Head of IEU a.i. to be effective 1 January 2023.

30. The Secretariat will support the POC on the request for proposal (RFP) process to procure the external firm. The hired external firm will assist the POC on the BAO's performance evaluation for 2023 onwards.

## Annex I: Work Plan of the Budget Committee

### I. Introduction

1. This document contains the Work plan of the budget committee from 1 January 2023 to 31 December 2023.

### II. Work Plan of the Budget Committee

2. The Budget Committee (BC) will discuss the 2023 Workplan of the BC in the first meeting of the year 2023;

3. In the first quarter of the year, the Budget Committee will meet to deliberate on the items with budgetary implications scheduled for B.35. These are:

- (a) Report on the Execution of 2022 Administrative budgets
- (b) Additional budget requests:
  - USP-2 Workshop
  - Second review of the GCF Financial Terms and Conditions
  - Accreditation Strategy
  - Indigenous people advisory group (IPAG)

4. The budget Committee is expected to commence dialogue with the Secretariat on the review approach to updating GCF budget systems in the first quarter.

5. During the thirty-fifth meeting of the Board, BC will also meet to deliberate on any matters that have not been concluded during the virtual meetings.

6. In the second quarter of the year, the BC deliberations will focus on matters to be presented during the thirty-sixth meeting of the Board. These are:

- (a) Report on the Execution of 2023 Administrative budgets;
- (b) Additional budget requests that might arise;
- (c) Review of the draft updated guidelines on GCF budget systems;
- (d) Review of the draft on the GCF Compensation philosophy and Job Structure and;
- (e) Muti-annual budget aligned with the USP-2.

7. The BC will also meet in person during the thirty-sixth meeting of the Board to discuss any matters that have not been concluded during the virtual meetings.

8. In the third and fourth quarter of the year, the BC deliberations will focus on matters to be presented during the thirty-seventh meeting of the Board. These are:

- (a) Report on the Execution of 2023 Administrative budgets;
- (b) Additional budget requests that might arise;
- (c) 2024 Work plan and administrative budgets for the Board, Trustee, Secretariat and the Independent Units;
- (d) New salary scales and benchmarking results of benefits including performance-based programs.

9. The BC will also meet in person during the thirty-seventh meeting of the Board to discuss any matters that have not been concluded during the virtual meetings.

In Summary the BC workplan for 2023 will be as per table 1 below;

*Table 1: Summary of the 2023 BC Work plan*

	Quarter 1	Quarter 2	Quarter 3 & 4
<b>Tentative agenda items:</b>	a) Report on the Execution of 2022 Administrative budgets b) Additional budget requests: <ul style="list-style-type: none"> <li>▪ USP-2 Workshop</li> <li>▪ Second review of the GCF Financial Terms and Conditions</li> <li>▪ Accreditation Strategy</li> <li>▪ Indigenous people advisory group (IPAG)</li> </ul> c) Review of the Approach to updating GCF budget systems	a) Report on the Execution of 2023 Administrative budgets b) Additional budget requests that might arise c) Review of the draft updated guidelines on GCF budget systems d) Review of the draft on Compensation philosophy and Job Structure e) Multi-annual budget aligned with the USP-2	a) Report on the Execution of 2023 Administrative budgets b) Additional budget requests that might arise c) 2024 Work Plan and Administrative budgets for the Board, Trustee, Secretariat and the Independent Units d) New Salary scales and benchmarking results of benefits including performance-based programs.
<b>Possible meeting dates</b>	<ul style="list-style-type: none"> <li>• 20- Feb-2023</li> <li>• 05-Mar-2023</li> <li>• 12-Mar-2023</li> </ul>	<ul style="list-style-type: none"> <li>• 19-Apr-2023</li> <li>• 16- May-2023</li> <li>• 05-Jun-2023</li> </ul>	<ul style="list-style-type: none"> <li>• 09-Jul-2023</li> <li>• 16-Aug-2023</li> <li>• 20-Aug-2023</li> <li>• 3-Sep-2023</li> <li>• 21-Sep-2023</li> <li>• 27-Sep-2023</li> <li>• 22-Oct-2023</li> <li>• 16-Nov-2023</li> </ul>

## Annex II: Draft 2023 workplan of the Performance Oversight Committee

B.35	B.36	B.37	B.38 (2024)
<ul style="list-style-type: none"> <li>• Update from the Secretariat regarding the request for proposal (RFP) to contract a new firm which will support the POC on the Board Appointed Officials (BAOs) performance evaluation.</li> <li>• The POC will confirm participation in the technical evaluation for the RFP. The contract is expected to be awarded and signed by 1 April 2023.</li> <li>• Regular check-in with BOAs will be discussed with the POC. The performance goals for the BOAs and setting the meetings for the POC will also be discussed.</li> </ul>	<ul style="list-style-type: none"> <li>• Completion of the KPI development and annual workplan for the BAOs. POC members will conduct regular meetings with the BAOs.</li> <li>• The mid-year review for the BAOs are expected to be completed by the end of July 2023. The mid-year progress report will be drafted by the firm for POC's review and endorsement.</li> </ul>	<ul style="list-style-type: none"> <li>• With support of the external firm, POC will prepare the end of year performance assessment for the BAOs.</li> <li>• The process for the final evaluation will start and the evaluation tool to be endorsed by the POC.</li> <li>• The POC will hold final evaluation meetings with the BAOs to complete their annual evaluation.</li> </ul>	<ul style="list-style-type: none"> <li>• The 2023 performance assessment to be completed. The final report will be drafted by the external firm for POC's endorsement.</li> <li>• The POC to decide by March 2024 on the merit increase for the BAOs based on their performance evaluation.</li> </ul>