



**GREEN  
CLIMATE  
FUND**

**Meeting of the Board**  
17 – 20 October 2018  
Manama, Bahrain  
Agenda item 6

**GCF/B.21/Inf.10/Add.01**

**8 October 2018**

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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 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 May – September 2018:

- (a) Budget Committee; and
- (b) Ad hoc Trustee Selection Committee.

## I. Introduction

1. This report covers the reporting period of May – September 2018, and also indicates activities planned to be carried out by the committees and panels of the Board of the Green Climate Fund in advance of its twenty-first meeting (B.21).

## II. Report on the activities of the Budget Committee

2. The Budget Committee (BC), in accordance with its given mandate under its terms of reference (TOR) (decision B.12/37, annex XXX), reviewed and made recommendations on the proposed annual administrative budget of 2019 and the execution of the 2018 administrative budget.

### 2.1 Activities during the reporting period

3. Since the twentieth meeting of the Board (B.20), the BC conducted virtual meetings on 27 August 2018 and 18 September 2018, and engaged in subsequent discussions and sharing of comments by email.

4. The BC reviewed and provided comments on the report on the execution of the administrative budget as at 31 July 2018. The report covers actual expenditures from January 2018 to July 2018 for the activities of the Board, the independent units, and the Secretariat as well as the estimated expenses for the Interim Trustee. Questions and comments were satisfactorily addressed by the Secretariat.

5. The BC reviewed a draft 2019 administrative budget. The proposed 2019 budget covers expenses related to the Board, the Interim Trustee, and the Secretariat. The committee recognized that the majority of the additional budget requested (approximately 77 per cent) is for costs related to additional Secretariat positions approved by the Board at its eighteenth meeting. The remaining additional budget comprises an increase in Board expenditures, non-staffing costs from the Secretariat, and additional interim Trustee costs. The committee noted that the 2019 budget continues the trend of reducing consultancy costs. The committee also discussed developing benchmarks and appropriate indicators for the GCF administrative budget.

6. The BC reviewed the draft 2019 administrative budget of the independent units. To allow for a better overview of expected budgetary implications for 2019, the committee agreed to include the budgets of the three independent units in the regular document titled “Administrative budget of the Green Climate Fund for 2019”. However, the budgets of the independent units would still be dealt with and approved by the Board via individual decisions.

7. The Secretariat updated the BC on the status of the revised Human Resources Guidelines. The document presented by the Secretariat at B.20, which included Staff Regulations and a revised Code of Conduct, attracted comments from Board members and the BC. Specifically, one Board member insisted that the Board should approve all aspects of salaries and staff benefits. Human Resources discussed the suggested revisions with the Co-Chairs while they were in Songdo and were advised to refer the question to the BC. After further discussion, the BC agreed that only the revised Code of Conduct should be presented for approval at B.21, the Staff Regulations being subject to an objection. The Code of Conduct will be presented at B.21 to provide clarity on obligations and expectations for all staff and managers of the Secretariat and independent units.

## 2.2 Next steps

8. The BC will convene for an on-site meeting on the margins of B.21 to discuss the next Chairperson of the BC.

## III. Report on activities of the ad hoc Trustee Selection Committee

9. This report covers the activities of the the ad hoc Trustee Selection Committee (hereinafter “Selection Committee”) from 16 May – 15 September 2018. It is to be noted that the Selection Committee conducted its work via email exchanges during the reporting period.

### 3.1 Activities during the reporting period

#### 3.1.1. Selection of the Permanent Trustee

10. In accordance with decisions B.16/05 and B.19/03, the Secretariat conducted an open, transparent and competitive process for the selection of a Permanent Trustee. As part of this mandate, the Secretariat published a Board-approved advertisement in *The Economist*, including its digital editions, with a deadline of 14 May 2018. In line with the advertisement, the request for expression of interest and the TOR were also posted on the GCF website. The original deadline was extended to 18 June 2018 on the GCF website, but the Secretariat did not receive any expression of interest answerable to the TOR for the Permanent Trustee.

11. Since no response was received by the Secretariat, the Selection Committee requested the Secretariat to implement the Limited Tender Process, in accordance with the respective GCF procurement procedure (decision B.19/03, annex II, para. 5), by inviting the 11 international multilateral financial institutions<sup>1</sup> to tender for/express interest in becoming the Permanent Trustee of GCF. The invitations to the 11 institutions were sent by the Secretariat on 27 July 2018 with a deadline of 10 August 2018 to submit an expression of interest.

12. As at the end of 10 August, the responses to the invitation were as follows:

- (a) A response of no interest from the African Development Bank, African Development Fund, European Bank for Reconstruction and Development, International Fund for Agricultural Development and International Development Association;
- (b) A response to confirm that it is prepared to continue providing trustee services from the International Bank for Reconstruction and Development (IBRD) (i.e. the World Bank); and
- (c) No response from the Asian Development Bank, Inter-American Development Bank, International Finance Corporation, International Monetary Fund, and Multilateral Investment Guarantee Agency.

13. Regarding the response from IBRD, a member of the Selection Committee requested further clarification on its intention. Through the Secretariat, IBRD submitted the following clarification: “The WB stands ready to continue to provide trustee services, however such

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<sup>1</sup> The 11 institutions are: the International Monetary Fund, International Bank for Reconstruction and Development, International Development Association, Asian Development Bank, African Development Bank, African Development Fund, Inter-American Development Bank, International Fund for Agricultural Development, International Finance Corporation, Multilateral Investment Guarantee Agency, and European Bank for Reconstruction and Development.

arrangement may not be ‘permanent’ and would need to be time-bound. We understand that GCF also shares this view, as a duration of four years is already specified in the TORs.”<sup>2</sup>

14. Regarding the above-mentioned response from IBRD, a member of the Selection Committee requested further clarification on whether the use of the word "continue" signifies continuation of the trustee function currently undertaken by IBRD in accordance with the existing agreement between the GCF and the bank. Through the Secretariat, IBRD submitted the following response: “In our view, the answer could be yes. We think the current Terms and Conditions have served us both well, and we would be fine with an amendment to extend the date (and perhaps to remove the term “interim” throughout).”

15. Taking into account the latest response from IBRD, and in accordance with the approved selection process (decision B.19/03, annex II, paragraphs 5 and 6), the Selection Committee agreed to the following recommendation to the Board: taking account of its interest to continue as the Trustee, the Selection Committee recommends IBRD as the final nominee to the Board for its approval, and for the Secretariat to negotiate a contract in accordance with the approved TOR and the direct contracting method of procurement as set out under the procurement guidelines.

## 3.2 Next steps

16. The Selection Committee requests the Board to consider the above-mentioned recommendation, and to provide guidance and its decision.

17. With this recommendation, the Selection Committee has fulfilled its TOR to “report and recommend the final nominee to the Board for its decision”. Therefore, in accordance with the TOR, the Selection Committee considers this recommendation to be the conclusion of the selection process and seeks guidance from the Board on whether the Selection Committee may be terminated.

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<sup>2</sup> Regarding the “duration of four years”, IBRD is referring to decision B.19/03, annex I, paragraph 24, which states “The term shall be for a period of four years, which term shall be renewable subject to a satisfactory review, as determined by the Board, by no later than the end of the third year of the term.”