

Green Climate Fund

Decisions of the Board –
Sixth Meeting of the Board,
19-21 February 2014

GCF/B.06/18

17 April 2014

Meeting of the Board

19-21 February 2014

Bali, Indonesia

Agenda item 21

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Decisions of the Board – Sixth Meeting of the Board, 19-21 February 2014

Agenda item 1: Opening of the meeting

1. The Co-Chairs opened the meeting on 19 February 2014.

Agenda item 2: Adoption of the agenda and organization of work

2. The Board adopted the agenda as set forth in document GCF/B.06/01/Rev.01 *Provisional Agenda (Revision)*, amended as follows:
 1. Opening of the meeting
 2. Adoption of the agenda and organization of work
 3. Adoption of the report of the fifth meeting
 4. Reports on activities
 - (a) Report on activities of the Co-Chairs
 - (b) Report on activities of the Secretariat
 5. Reports from committees, panels and groups
 6. Administrative Policies of the Fund
 7. Travel Policy
 8. Initial modalities for the operation of the Fund's mitigation and adaptation windows and the Private Sector Facility
 9. Additional result areas and indicators for adaptation activities
 10. Initial results management framework of the Fund
 11. Policies and procedures for the initial allocation of Fund resources
 12. Options for a Fund-wide gender-sensitive approach
 13. Terms of reference of the Independent Evaluation Unit, the Independent Integrity Unit, and the independent redress mechanism
 14. Country ownership, including: No-objection procedure; Best practices for the establishment and composition of National Designated Authorities and focal points; and Best-practice options for country coordination and multi-stakeholder engagement
 15. Additional modalities that further enhance direct access, including through funding entities
 16. Progress reports on other essential requirements for the initial resource mobilization
 - (a) Initial proposal approval process, including the criteria for programme and project funding
 - (b) Guiding framework and procedures for accrediting national, regional and international implementing entities and intermediaries, including the

- Fund's fiduciary principles and standards and environmental and social safeguards
- (c) Fund's financial risk management and investment frameworks
 - (d) Structure of the Fund, including the structure of the Private Sector Facility
17. Detailed programme of work on readiness and preparatory support
 18. Financial terms and conditions of grants and concessional loans
 19. Status of resources
 20. Other business
 21. Report of the meeting
 22. Closure of the meeting

Agenda item 2: Adoption of the report of the fifth meeting

3. The Co-Chairs drew the attention of the Board to the draft report of the fifth Board meeting (document GCF/B.05/Drf.02 *Draft Report of the Fifth Meeting of the Board, 8-10 October 2013*). The Board adopted the following decision:

DECISION B.06/01

The Board:

- (a) Adopts the report of the fifth meeting, contained in document GCF/B.05/Drf.02, as amended;
- (b) Agrees to publish it on the Fund's website (document GCF/05/24 *Report of the Fifth Meeting of the Board, 8-10 October 2013*).

Agenda item 4: Reports on activities

A. Report on activities of the Co-Chairs

4. The Board took note of the information provided by the Co-Chairs.

B. Report on activities of the Secretariat

5. The Board took note of document GCF/B.06/Inf.02, covering the activities of the Secretariat undertaken between the fifth and the sixth meeting.

Agenda item 5: Reports from committees, panels and groups

6. The Co-Chairs informed the Board about the interpretation of the Rules of the Procedure of the Board that apply mutatis mutandis also to committees, panels and groups. This applies also to paragraph 5 of the Rules of Procedure that stipulates that "[A]ny 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." Thus, to the extent that the replacement is notified pursuant to paragraph 5 by the developed or developing country Party concerned, that replacement will also be applicable to membership in committees, panels and groups.

7. The Board adopted the following decision:

DECISION B.06/02

The Board:

Appoints the following Board member to the Investment Committee for its first term, in accordance with the Terms of Reference as set out in Annex VII to document GCF/B.05/23:

Mr. Ewen McDonald, Committee member.

Agenda item 6: Administrative policies of the Fund

8. The Board adopted the following decision:

DECISION B.06/03

The Board, having considered document GCF/BM-2014/01 Administrative Policies of the Fund:

- (a) *Adopts the Administrative Policies of the Fund, as contained in Annex I to this document; and*
- (b) *Approves the Fund's initial staff salary structure for internationally and locally recruited staff effective 1 January 2014, as set out in Annex II to this document.*

Agenda item 7: Travel policy

9. This agenda item was considered; no decision thereon was taken by the Board.

Agenda item 8: Initial modalities for the operation of the Fund's mitigation and adaptation windows and the Private Sector Facility

DECISION B.06/04

The Board, having considered document GCF/B.06/02 Initial Modalities for the Operation of the Fund's Mitigation and Adaptation Windows and the Private Sector Facility:

- (a) *Notes that the initial modalities for the operation of the Fund's mitigation and adaptation windows and the Private Sector Facility are under discussion by the Board according to the items as set out in document GCF/B.06/02. In addition, modalities for the operation of the Fund's Private Sector Facility will be developed based on the recommendations of the Private Sector Advisory Group;*
- (b) *Decides that a conclusion on the initial modalities of the Fund can only be reached at the end of the May 2014 Board meeting, once the Board has completed its deliberations on the different elements that constitute the modalities;*
- (c) *Decides that the Board will continue considering the initial modalities for the operation of the Fund's mitigation and adaptation windows and the Private Sector Facility at its May 2014 meeting, based on a revised document, taking into consideration the views expressed during this meeting.*

Agenda item 9: Additional result areas and indicators for adaptation activities

DECISION B.06/05

The Board, having considered document GCF/B.06/03 Additional Result Areas and Indicators for Adaptation Activities:

Requests the Secretariat to further develop the proposals for adaptation result areas and indicators in conjunction with the Fund's results management framework, taking into account the comments made by the Board.

Agenda item 10: Initial results management framework of the Fund

10. This agenda item was considered; no decision thereon was taken by the Board.

Agenda item 11: Policies and procedures for the initial allocation of Fund resources

DECISION B.06/06

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

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

Agenda item 12: Options for a Fund-wide gender-sensitive approach

DECISION B.06/07

The Board, having considered document GCF/B.06/13 Options for a Fund-wide Gender-sensitive Approach:

- (a) Requests the Secretariat to integrate gender considerations in the preparation of draft policy documents and draft documents containing operational modalities, in line with the Governing Instrument, including those documents for consideration by the Board at its seventh meeting;
- (b) Requests the Secretariat to prepare a draft gender policy and action plan for discussion at the seventh Board meeting, consistent with a country-driven approach, including through consultations with relevant bodies and observer organizations, for adoption at the eighth Board meeting.

Agenda item 13: Terms of reference of the Independent Evaluation Unit, the Independent Integrity Unit, and the independent redress mechanism

DECISION B.06/08

The Board:

Requests the Secretariat to present to the seventh Board meeting a proposal, with draft terms of reference, to establish a Board committee to assist the Board in the appointments, performance reviews, salary decisions and accountability of the Head of the Independent Evaluation Unit, the Head of the Independent Integrity Unit and the Head of the Independent Redress Mechanism Unit as well as the Executive Director.

DECISION B.06/09

The Board, having reviewed document GCF/B.06/06 Terms of Reference of the Independent Evaluation Unit, the Independent Integrity Unit, and the Independent Redress Mechanism:

- (a) Adopts the terms of reference of the Independent Evaluation Unit, as set out in Annex III to this document;
- (b) Adopts the terms of reference of the Independent Integrity Unit, as set out in Annex IV to this document;
- (c) Adopts the terms of reference of the independent redress mechanism, as set out in Annex V to this document.

Agenda item 14: Country ownership, including: No-objection procedure; Best practices for the establishment and composition of National Designated Authorities and focal points; and Best-practice options for country coordination and multi-stakeholder engagement

DECISION B.06/10

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

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

Agenda item 15: Additional modalities that further enhance direct access, including through funding entities

11. This agenda item was considered; no decision thereon was taken by the Board.

Agenda item 16: Progress reports on other essential requirements for the initial resource mobilization

- A. Initial proposal approval process, including the criteria for programme and project funding
- B. Guiding framework and procedures for accrediting national, regional and international implementing entities and intermediaries, including the Fund's fiduciary principles and standards and environmental and social safeguards
- C. Fund's financial risk management and investment frameworks
- D. Structure of the Fund, including the structure of the Private Sector Facility

12. This agenda item was considered; no decision thereon was taken by the Board.

Agenda item 17: Detailed programme of work on readiness and preparatory support

DECISION B.06/11

The Board, having considered document GCF/B.06/14 Detailed Programme of Work on Readiness and Preparatory Support:

- (a) Takes note of the priority activities for readiness and preparatory support:
 - (i) Establishment of national designated authorities or focal points;
 - (ii) Strategic frameworks, including the preparation of country programmes;
 - (iii) Selection of intermediaries or implementing entities;
 - (iv) Initial pipelines of programme and project proposals;

- (b) *Requests the Secretariat to elaborate a revised detailed programme of work, for consideration by the Board at its seventh meeting, that includes the following:*
- (i) *Readiness activities to be undertaken in countries based on requests for support resulting from a consultation with countries and stakeholders;*
 - (ii) *A delivery plan for the implementation of these readiness activities. The delivery plan will be developed in consultation with countries and existing initiatives. It will include a timeline and modalities for implementation;*
 - (iii) *Options for entering into partnerships with existing initiatives, including of sub-national, national, regional and international actors, in order to implement the readiness activities supported by the Fund;*
- (c) *Decides from the resources available or to be made available in the Green Climate Fund Trust Fund, the allocation of funds in the amount of US\$ 1 million to the Secretariat for the preparation of a detailed programme of work and authorizes the Interim Trustee to commit and transfer such funds from the Green Climate Fund Trust Fund to the Secretariat, subject to the availability of resources in the Green Climate Fund Trust Fund;*
- (d) *Requests the Secretariat to seek transparency, complementarity, and coherence amongst existing initiatives, and to establish and maintain an information-sharing platform and dialogue and facilitate South-South exchanges;*
- (e) *Requests the Secretariat to review the modalities for the delivery of readiness support once the Fund's accreditation and allocation policies are approved, with a view of ensuring consistency with the other established operational modalities of the Fund, for consideration by the Board;*
- (f) *Requests the Executive Director to report to the Board twice a year on:*
- (i) *Activities undertaken, including joint activities with existing initiatives;*
 - (ii) *The progress of committing and disbursing available funds.*

Agenda item 18: Financial terms and conditions of grants and concessional loans

DECISION B.06/12

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

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

Agenda item 19: Status of resources

13. The Board took note of documents GCF/B.06/Inf.03 and GCF/B.06/Inf.04.

Agenda item 20: Other business

DECISION B.06/13

The Board:

Decides that its second meeting in 2014 will take place on 18-21 May 2014 in Songdo, Republic of Korea.

DECISION B.06/14

The Board, having considered document GCF/B.06/Inf.05 Logo of the Fund:

- (a) Requests the Secretariat to coordinate the re-design of the colour and shape of the proposed logo with the logo designer;*
- (b) Requests the Logo Selection Panel to review the revised design and, if agreed, forward it to the Board for approval.*

Agenda item 21: Report of the meeting

14. The document containing the decisions adopted by the Board was distributed to the Board at the end of the meeting. The Co-Chairs informed the Board that the document containing the decisions adopted by the Board during the meeting and the draft report of the meeting would be circulated to the Board electronically. Board members will be asked to provide comments on the draft report that will be submitted for adoption at the beginning of the next Board meeting.

Agenda item 20: Closure of the meeting

15. The meeting was closed on 21 February 2014.

Annex I: Administrative Policies of the Fund

I. Scope and types of policies

1. The main administrative policies of the Fund cover all areas that normally fall under the responsibility of the Secretariat's Division of Support Services.¹ They are limited to the administrative business of the Secretariat, namely:

- (a) Human resources (HR);
- (b) Administrative budget;
- (c) Procurement and asset management;
- (d) Information and communication technology (ICT); and
- (e) Audit and internal controls.

2. The main administrative policies do not cover the relations between the Fund and the Interim Trustee, which are governed by decision 3/CP.17 and the Fund's Governing Instrument annexed thereto, and by decisions already adopted by the Board.

3. The Administrative Policies will be supplemented by administrative guidelines endorsed by the Board and promulgated by the Executive Director. The Executive Director operates under the guidance of, and is accountable to, the Board that exercises oversight.

II. Human resources

2.1 Main principles

4. The Fund requires for its operations highly qualified, dedicated and motivated staff with various skills. In order to attract, recruit, motivate and retain such staff, the Fund will seek to provide competitive terms and conditions of employment and will be guided by fair, impartial and transparent policies and practices in the management of its staff.

5. The staff salaries, allowances and benefits will be maintained at competitive levels based on the salary scales of the Asian Development Bank (ADB), adjusted to the cost and conditions of living at the Fund's headquarters, and in duty stations outside the Republic of Korea, when applicable.

6. The employment, promotion and assignment of staff will be made without discrimination on the basis of sex, race, nationality, or religion.

7. The Fund will provide staff with employment conditions consistent with the terms of their appointment, their satisfactory performance and conduct, and the efficient administration of the Fund.

8. The Fund will not condone or tolerate any form of harassment. The Executive Director will develop and implement appropriate rules to address and sanction any form of harassment.

9. The Fund will systematically evaluate the relative levels of jobs and the equitable remuneration for similar responsibilities, both within the Fund and compared to other relevant organizations. The Fund will reward staff according to performance, length of service and other relevant factors. The Fund will not pay or reimburse any taxes that may have to be paid by staff or experts of the Secretariat.

¹ Or the organizational structure that may replace the Division in the future.

10. The Fund will periodically review the work of staff in order to obtain the most effective use of their services and expertise, recognize their achievements, and identify their training and development needs.
11. The Fund will seek to maintain excellence of performance and will actively assist staff in upgrading their skills and broadening their experience in different functional areas. The Fund will ensure that career development is an integral part of staff administration.
12. The Fund will seek to accord full and fair opportunities to eligible staff to compete for promotion to higher levels and for filling vacancies as they occur. Selection for promotion will be competitive, based on specified criteria and relative merits of eligible staff, and will be in accordance with established procedures to determine the most suitable candidate to be appointed.
13. The Executive Director will closely consult with staff representatives, consistent with paragraph 36, before proposing any new HR policies to the Board.
14. The Fund will observe due process in all areas of staff administration, in particular, in initiating and deciding on the involuntary or premature separation of staff from service.
15. Where grievances arise, staff members holding fixed-term appointments will be entitled, without fear of reprisal, to request an administrative review, invoke the appeal procedures or, as an ultimate recourse, elevate such grievance to an Administrative Tribunal whose decision will be binding on the Fund and the concerned staff member.
16. The Fund will defend staff and former staff against claims brought against them by third parties as a result of acts performed in their official capacity, provided that such acts were within their authority and they were acting in good faith and in accordance with the Code of Conduct of the Fund's Staff, set forth in Appendix I, or other applicable internal rules, as determined by the General Counsel of the Fund in consultation with the Executive Director. In appropriate cases, the Fund will indemnify the staff or former staff for reasonable and necessary legal expenses and judgments and settlements arising from such claims.

2.2 Code of Conduct

17. The Fund will require staff members to conduct themselves at all times in a manner befitting their status as employees of an international organization. They will be expected to maintain the highest ethical standards, with a high degree of integrity and concern for the Fund's interests and to avoid situations and activities that may reflect adversely on the Fund, compromise its operations, or lead to real or perceived conflicts of interest. The Code of Conduct of the Fund's Staff is set forth in Appendix I. The Executive Director may impose disciplinary measures on staff members whose conduct contravenes this Code.
18. All staff will be required to give in their work due consideration to cost efficiency and effectiveness and should make every effort to minimize the climate change-related impacts of their actions.
19. Upon appointment, each staff member will subscribe in writing to the Affirmation, set forth in Appendix II.

2.3 Recruitment and appointment of staff

20. The Fund will hire highly-qualified staff with various skills, internationally and locally, based on their qualifications and competences, through a transparent selection process.
21. The Fund will take all necessary action to preclude that its recruitment practices involve nepotism, conflict of interest and other inappropriate practices.

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22. Selection of qualified candidates will generally be competitive, based on specified capability criteria and relative merits of shortlisted candidates and in accordance with established procedures to determine the most suitable candidate.
23. The Executive Director will manage the staff selection and appoint the staff. All staff appointments will be subject to a probationary period, the duration of which will be determined in the letter of appointment.
24. All staff, irrespective of their level and type of appointment, will be accountable to the Executive Director. The Executive Director may terminate the appointment of staff, if circumstances so warrant.

2.4 Types of appointment and categories

25. The Fund will offer different types of appointments to attract staff at different levels and with different skill sets to address the Fund's staffing requirements in long, medium and short term.
26. The Fund will provide staff with terms and conditions consistent with the terms of their assignment, their performance and conduct.
27. There will initially be two categories of staff, namely international and locally-recruited staff. The Fund may establish other categories or sub-categories at a later stage.

2.5 Geographic and gender balance

28. Subject to the paramount consideration of securing the highest level of efficiency and competence, the Fund will always strive for equitable geographic and gender balance among its staff.

2.6 Salaries, compensation and entitlements

29. Salaries will be designed to attract and retain highly-qualified and competent staff members and to motivate them to achieve the highest standards of performance.
30. Consistent with Board decision that the Fund's administrative policies, including on human resources, are to be based on those used by ADB, the basic salary of the Fund's internationally recruited staff will be determined based on ADB's international staff salary structure². The salary scale for staff to be locally recruited in the Republic of Korea will be based on that of the World Bank. The Fund will not reimburse any taxes on salaries and emoluments which may be due in accordance with applicable law.
31. The Fund's salary structure, composed of an appropriate number of salary ranges will embody the correspondence between the relative hierarchy of jobs and the progression of salary rates at the different salary levels.
32. Salaries will be administered in a manner that is both equitable and transparent to all staff.

² In the human resources guidelines of the Fund, it will be explored if a cost of living adjustment would be applicable to the Fund's international staff in Songdo, taking into account:

- (a) Existing cost of living comparisons between Songdo, Manila and Washington D.C.;
- (b) ADB practices and history with regard to the establishment of salary levels and structure in the headquarters and in external duty stations; and
- (c) Similar practices in comparable institutions.

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33. The following main benefits will be applicable in line with ADB staff benefits:
- (a) Travel to the duty station upon appointment and repatriation travel upon separation;
 - (b) Housing subsidy;
 - (c) Shipment of household goods and settlement/relocation allowance;
 - (d) Annual leave and other types of leave;
 - (e) Home country travel;
 - (f) Education grant; and
 - (g) Health and other insurances.
34. Benefits will be adjusted annually by the Executive Director, taking account of ADB practices. Any exceptions or deviations from ADB benefits will be submitted to the Board for approval.
35. With regard to pension, the Fund will pay the same percentage of employer's contribution as ADB. As the Fund's staff retirement plan will be administered externally, pension benefits will depend on the agreement to be entered into with the administrator of the Fund's staff retirement plan.

2.7 Staff Council

36. The Fund's staff members will be free to form a Staff Council and elect representatives to foster consultation and close cooperation among the staff, and between the staff and the Management, and to promote the aims and objectives of the Fund as well as to safeguard staff members' rights, interests and welfare.

III. Administrative budget and accounting system

3.1 Administrative budget

37. The financial period of the administrative budget will cover one year from 1 January to 31 December or such other period as may be determined by the Board.
38. The Executive Director will prepare and submit a budget proposal for the following financial period allowing enough time for the Board to consider and approve it.
39. Approval of the budget by the Board will constitute an authorization to the Executive Director to incur expenditures and make disbursements up to the approved amount, subject to availability of resources. The Executive Director may reallocate funds among line items as needed, within the overall budget for the financial year.
40. The Executive Director will determine the level of delegation within the Secretariat to implement and control the respective budget allocation of discretionary expenses, namely budgets for consultancy, travel, and representation.
41. Staff and benefit costs will be administered and centrally managed by the relevant organizational unit of the Secretariat,³ together with recruitment and relocation costs.
42. If required during the financial period, the Executive Director may propose a supplementary budget for the consideration and approval of the Board.

³ In the initial structure of the Secretariat, this is the Support Services Division.

3.2 Accounting system

43. An internationally accepted accounting system to record the financial transactions of the administrative budget will be selected by the Secretariat and approved by the Board on the recommendation of the Ethics and Audit Committee. The Executive Director will put in place appropriate internal control mechanisms to ensure clarity, transparency and accuracy of the budget management.
44. In line with Section 3.1, a budget will be approved for utilization within a particular year and utilization will include funds actually disbursed and commitments. For commitments, the accounting concept of accruals will be applied in compliance with sound accounting principles.
45. Appropriate rules for depreciation, considering useful life and method adopted, will be developed by the Secretariat and agreed with the External Auditor.
46. The Secretariat will prepare budget utilization reports and year-end adjustments.
47. The accounts will be subject to audit by the External Auditors appointed by the Board.
48. The Executive Director will submit to the External Auditor the accounts for the financial period no later than 31 March following the end of the financial period.
49. The Executive Director will submit to the Ethics and Audit Committee, for review and transmission to the Board, the audited financial statements for each financial year as well as the External Auditor's audit observations, during the first half of the following year.

IV. Procurement of goods and services

50. With due consideration to economy and efficiency, the Fund will procure quality goods and/or services for its operations. The Fund will apply procurement methods, consistent with those used by ADB and/or best international practice, as circumstances warrant. Generally, procurement will be made at the most competitive and/or comparative market prices available, using the most competitive procurement method applicable, and giving due regard to the qualifications of the supplier or provider, promptness of delivery, terms of payment and availability of adequate warranty and servicing facilities, and previous performance, among other things.
51. In order to achieve economy of price and save on administrative cost, the Fund will execute long term agreements (LTAs) and supply agreements for the purchase and supply of goods and services whenever feasible. Pricing provided under the LTAs will be subjected to periodic market testing or confirmation.
52. Goods and/or services will be standardized to the maximum extent possible. Inventories of goods will be constantly monitored and maintained at optimum levels, and the need for services will be anticipated well in advance.
53. In order to ensure an adequate, fair, and equal opportunity for eligible suppliers or providers to compete for contracts, the Fund will adopt the most suitable procurement procedure applicable to a particular purchasing situation and observe transparency and fairness throughout the procurement process. The Fund will adopt electronic procurement procedures whenever feasible and appropriate.
54. Recognizing the importance of transparency in the procurement process to combat fraud and corruption and further achieve economy and efficiency, all entities (firms or individuals) bidding for, or participating in, the Fund's institutional procurement of goods and/or services, including, but not limited to, suppliers, consultants, contractors, service contractors, and concessionaires, and their respective officers, employees and agents ("parties") will observe the highest standard of ethics during the procurement of goods and/or services and execution of contracts. All parties will be required to report to the Executive Director any

suspected integrity violations of which they have knowledge or become aware in relation to the bidding process, negotiation, or execution of a contract.

55. The Fund will take appropriate actions to manage conflicts of interest involving the Fund's staff and dependents, consultants, bidders, suppliers and contractors, including, but not limited to, rejection of proposals for award, if the Fund determines that a conflict of interest has flawed the integrity of any procurement process.

56. The Fund's staff will maintain the confidentiality of all information and documents relating to institutional procurement activities.

57. The Fund will strive to ensure that, whenever possible, goods and/or services to be procured conform to applicable legal and other requirements, including international environmental agreements entered into by the country where the goods and/or services would be procured from and used. These include goods and/or services that maximize the use of durable, reusable and energy efficient products and/or services, and low pollution goods and/or services that produce the minimum level of post-consumer waste and/or use recyclable content and have minimal impact on the environment. The Fund will likewise strive to apply environmentally responsible procurement principles to construction design processes, tendering and materials.

58. The Fund will require its institutional procurement to be environmentally responsible. The principles of corporate social responsibility will be reflected in requests for proposals, invitations for bids, bidding documents and solicitations issued by the Secretariat and applicable evaluation criteria to implement these policies will be included in the technical evaluation and considered in the cost analysis of all quotations, bids and proposals.

59. As a socially responsible organization, the Fund will require contractors and/or suppliers of goods and/or services to comply with applicable local and international social standards and/or requirements that provide for humane conditions of work, protection of occupational safety and health, reasonable wages and benefits, respect for diversity, strive for gender balance and other labour standards.

60. Goods received and/or services rendered pursuant to relevant contracts/agreements will be subject to periodic evaluation/audit by the user and/or authorized internal and/or external auditors in accordance with established guidelines and regulations.

61. In order to achieve a high degree of professionalism in the Fund's institutional procurement, the staff involved in institutional procurement and contracts administration will be provided with relevant training.

V. Information and communication technology

62. For the Fund to be successful in delivering its mandate, it will need to rely on effective and efficient ICT services that will enable its operations and support its business processes and objectives. The Fund will therefore establish quality ICT services that deliver best value for the Fund.

63. Strategies will be developed to ensure a close alignment of ICT services with the organizational and substantive priorities of the Fund.

64. In order to ensure a consistent approach in receiving effective and efficient ICT services, the Fund will apply the following guiding principles when selecting ICT solutions and services:

- (a) *Business drives ICT*: Any decision about ICT investments will be based on defined business requirements or mandates;
- (b) *Buy and customize before building*: Where requirements do not restrict it, preference will be given to off-the-shelf or already implemented and customizable ICT solutions and services;

- (c) *Outsource managed solutions and services*: Preference will be given to outsourced managed solutions and services, where feasible, secure and in the interest of the Fund;
 - (d) *Data is accessible*: Selected ICT solutions and services will ensure that data is accessible to the Fund's staff, partners and clients from their different geographic locations;
 - (e) *Data is secure*: Selected ICT solutions and services will ensure that classified data is protected from unauthorized use and disclosure (based on the Fund's requirements and data classification);
 - (f) *Green ICT*: Greenness of an ICT solution and service will be a main selection criterion; and
 - (g) *Adopting international best practices*: The Fund will adopt international best practices in the governance and management of ICT, to the extent possible.
65. The Fund will benefit from the location of its new headquarters in Songdo, Republic of Korea in its capability of receiving innovative and high-quality ICT services. For the Fund to continuously receive state-of-the art ICT solutions and services, it will need to take innovative approaches in sourcing for such solutions and services.
66. In order to reach high levels of scalability, flexibility and efficiency, the Fund will aim to minimize the build-up of internal ICT technical personnel in favour of professionally managed outsourced ICT services with clear and robust service-level agreements.

VI. Audit

67. The administrative operations and financial management of the Fund will be audited regularly by external audit to ensure that the Fund's resources and operations are managed in an effective and efficient manner. In addition, the Executive Director will take all necessary actions to establish and implement effective internal controls.
68. The auditors will strive to be reliable advisers to the Board and the Executive Director, enabling cooperative governance guided by shared values to sustain a harmonious environment that embraces integrity, objectivity, accountability, transparency and pursuit of excellence.
69. The Ethics and Audit Committee will assist the Board in carrying out its responsibilities as they relate to matters such as the Fund's financial reporting and audits, including internal controls.
70. The Ethics and Audit Committee, in consultation with the Executive Director, will make recommendations to the Board on the appointment of an External Auditor to audit the annual financial statements of the Fund and ascertain their accuracy, provide opinions and suggest improvements. The External Auditor, who will be operating according to internationally accepted audit standards, will report to the Ethics and Audit Committee and the Risk Management Committee directly, as appropriate, and will endeavour to consult the Executive Director, as appropriate, during the audit operations.
71. The Executive Director will make the necessary arrangements for a regular internal audit and controls in the Secretariat and will establish an independent internal audit to oversee the daily operations, to ensure that the controls designed to manage risks and efficient use of resources are implemented effectively, and to suggest improvements in the effectiveness of risk management and control processes.
72. The Ethics and Audit Committee and Risk Management Committee as well the External and Internal Auditor will have full and unrestricted access to information and records relating to all Fund activities. They will be authorized to examine all files, records, data and any other materials relating to the Fund's business, as and when deemed necessary.

73. The auditors will remain free from influence or interference as to the objective and scope of their terms of reference, the frequency and timing of their audits and the content of their audit report.

74. The terms of reference of the External Auditor will be developed by the Secretariat and approved by the Board on the recommendation of the Ethics and Audit Committee.

VII. Review of the Administrative Policies

75. The Administrative Policies will be reviewed in 2019 or at such a date as determined by the Board.

Appendix I: Code of Conduct of the Fund's Staff

I. Definitions

1. For the purposes of this Code of Conduct:
 - (a) "Immediate family" means spouse, child, mother, father, brother or sister;
 - (b) "Short-term trading" means any combination of the buying or selling of securities by staff members or their immediate family within a period of six months;
 - (c) "Staff members" means all staff regardless of the type of appointment;
 - (d) "Unpublished information" means any information which has not been publicly released pursuant to the provisions of the Information Disclosure Policy.

II. Application

2. This Code applies to all staff members and, where so provided, to the immediate family of staff members. Where this Code affects the interests and activities of the immediate family of staff members or requires disclosures pertaining to them, staff members must make appropriate inquiries and use their best efforts to secure compliance with this Code by, and in respect of, their immediate family members. Staff members must make any disclosures that may be required by this Code to the best of their knowledge following such inquiries.

III. General principles of conduct

3.1 Status of staff and propriety of action

3. In the discharge of their functions, staff members owe their duty entirely to the Fund and to no other authority, and must avoid any action, and in particular any kind of pronouncement, which may reflect unfavourably upon their position as employees of an international organization, either in their own country or elsewhere. They should always bear in mind the reserve and tact incumbent upon them by reason of their international function, and exercise the utmost discretion with regard to official business matters.

3.2 Privileges and immunities, exemptions and facilities

4. The privileges, immunities, exemptions and facilities that officials of the Fund enjoy, consistent with decision 3/CP.17 and the Governing Instrument, under the Agreement between the Republic of Korea and the Green Climate Fund concerning the Headquarters of the Green Climate Fund (Headquarters Agreement) and/or any other agreement or arrangement, are granted in the interest of the Fund and not for the personal benefit of individuals. Therefore, these privileges, immunities, exemptions, and facilities furnish no excuse to staff members who enjoy them for non-performance of their private obligations or failure to observe laws and police regulations. Staff members are expected to satisfy their obligations in good faith as residents of the host country, including all applicable personal obligations outside the Fund, the non-fulfilment of which could reflect unfavourably upon their position as staff members or could affect the efficient performance of their duties.

5. Having regard to the particular circumstances, the Executive Director may decide whether, in the interest of the Fund, a privilege or immunity provided for to a staff member

under Article 14 of the Headquarters Agreement or other agreement or arrangement providing for privileges and immunities of staff members should be waived.

3.3 Internal grievance and appeal procedures

6. The Executive Director will establish administrative review and appeal procedures for the review and settlement of the claims of staff members concerning the terms and conditions of their employment. Following completion of such procedures, staff will have the right of appeal to an Administrative Tribunal. Staff members who have such claims and had access to the foregoing procedures may not resort to national courts or other tribunals outside the Fund to resolve such claims.

IV. Disclosure of information

4.1 Disclosure of information and its use for private advantage

7. Except in the course of their official duties or with express authorization, staff members may not:

- (a) Communicate any unpublished and/or confidential information known to them by reason of their official position to any person within or outside the Fund who they know or should know is not authorized by the Fund to receive such information; or
- (b) Use, or allow the use of, unpublished and/or confidential information known to them by reason of their official position with the Fund to private advantage, directly or indirectly, or for any interest contrary to the interests of the Fund.

8. In complying with the above obligations, which continue after separation from the Fund, staff members must scrupulously observe the rules and procedures established by the Fund to protect unpublished and/or confidential information.

4.2 Publications and public speaking

9. Except in the course of their official duties or with express authorization, staff members during the term of their appointment or service may not:

- (a) Publish, cause to be published, or assist in the publication of any book, pamphlet, article, letter or other document relating to the policies or activities of the Fund or on any national political questions;
- (b) Deliver any speech or presentation, broadcast through radio, television or other electronic media or hold press conferences or grant press interviews on such policies, activities or questions; or
- (c) Speak on behalf of the Fund or state its policies as a participant in any seminar or conference.

4.3 Authorization

10. Authorizations referred to above are given by the Executive Director or designated official.

V. Political and external activities and interests

11. Staff members may exercise their political rights, but must refrain from participation in political activities that may interfere or conflict with their duties or their status as staff members. Staff members must not hold public office or appointment that, in the Fund's opinion, is incompatible with the proper performance of their official duties, and must obtain the prior approval of the Executive Director in respect of any such office or appointment. If they accept appointment to any national public office of a political character or accept a nomination for such an office, they must immediately resign from the Fund.

VI. Business affiliations and private activities

6.1 Private activities

12. Except with prior approval by the Executive Director, staff members must not hold private employment or engage in any occupation or own or operate any business which, in the Fund's opinion, is incompatible with the proper performance of their official duties. Moreover, staff members must not serve as a director, officer or partner of any entity, other than as an authorized representative of the Fund or with the prior approval of the Executive Director. Such prior approval will not be required with respect to services performed as a director or officer of a charitable, social or religious entity.

6.2 Trading activities on the Fund's premises

13. Without limitation to the foregoing, staff members and/or their immediate family must not engage in private trading activities, such as foreign exchange dealings, merchandising of goods, real estate brokering, money lending, or car renting or brokering on the Fund's premises or make improper use of commissary privileges.

6.3 Previous association

14. Staff members must not exercise any responsibility with respect to a Fund transaction involving a former employer other than a government or international organization, as:

- (a) A recipient or beneficiary of Fund's financing, investments or guarantees;
- (b) A guarantor of any such financing; or
- (c) A supplier of goods or services to the Fund, except as authorized by the Executive Director.

6.4 Prospective employment

15. Staff members who are seeking, negotiating or have an arrangement concerning prospective employment other than with the Fund must not exercise any responsibility with respect to a Fund transaction in which a prospective employer has or may have an interest of the kind set forth in Section 6.3.

6.5 Subsequent employment

16. Except with the authorization of the Executive Director, former staff members who have separated from the Fund may not, within two years after their separation from the Fund,

perform services for any other entity or person, other than an international organization, government or government agency, in respect of any matter in which the Fund has an interest or to which the Fund is a party and in which the staff member participated personally and substantially while at the Fund.

VII. Retention of re-employment and pension rights

17. Upon employment by the Fund, staff members may retain re-employment or pension rights previously acquired in the service of another public or private organization.

VIII. Financial interest, investment and trading activities

8.1 Purchase of interest in recipient of Fund's financing

18. Except as otherwise provided in Section 8.3, staff members or members of their immediate family must not make investments in:

- (a) Securities (including investment funds) that the staff member's Division/Unit advised about or participated in creating within two years following the completion of their assignment;
- (b) Securities of an entity known by the purchaser to be an actual or prospective recipient of the Fund's financing, investment or guarantee; or
- (c) Securities of any company or other entity upon whose board of directors or trustees the staff member serves or served as part of staff member's duties for the Fund, except with respect to qualifying shares required by law or by the articles of such company or other entity.

19. If a staff member or an immediate family member has or comes into possession of any securities referred to in paragraph 18 above, the staff member must make arrangements for their prompt divestiture.

20. The provisions of this Section shall not apply to securities held by trusts, estates, investment funds or similar investment vehicles, provided that neither the staff member nor any immediate family member has the right to exercise investment discretion over investments made by such investment vehicles.

8.2 Previous involvement in decision-making process

21. Except as otherwise provided in Section 8.3 and where expressly authorized, staff members must not be involved in any decision-making process to determine the selection of any entity if they were previously employed or otherwise associated with such entity, which is:

- (a) A supplier of goods or services (including consulting or construction services) to be acquired or financed by the Fund, or which is being considered as a supplier;
- (b) A financial institution from which the Fund is a borrower or to which the Fund is otherwise indebted, or which has been selected or is being considered for selection as an underwriter for issuance of securities by the Fund; or
- (c) Otherwise engaged in financial transactions with the Fund.

22. Staff members or members of their immediate family must not purchase, directly or indirectly, debt or equity securities of, or any interest in, any such entity referred to above or any of its affiliates.

8.3 Permitted purchases of recipients of Fund's financing

23. Notwithstanding the foregoing, staff members and their immediate family may purchase securities of, or an interest in, an entity even though such entity or one or more of its affiliates is an actual or prospective recipient of Fund's financing or supplier of services to the Fund if:

- (a) The purchase is made for investment in shares consistent with the scale and nature of their usual investment activities;
- (b) The security or interest is publicly traded; and
- (c) After such purchase, their aggregate holding (whether held directly or indirectly) constitutes less than one per cent of the total of any class of the outstanding securities of the entity in which the investment is made.

8.4 Securities issued by the Fund

24. Staff members and their immediate family may invest in securities issued by the Fund, but must not engage in short-term trading in such securities. Buying or selling of a right or obligation to buy or sell such securities shall be treated as buying or selling the securities.

8.5 Currency trading

25. Staff members and their immediate family must not engage in short-term trading for speculative purposes in currencies of developing countries or in financial instruments denominated in the currencies of such countries. For such purposes, the term "financial instruments" includes debt instruments, financial futures and options on financial futures and "for speculative purposes" means to engage in such transactions for profit in amounts which are disproportionate to the normal annual expenditures or income of such person in such currency.

8.6 Prohibition of benefits from the Fund's transactions

26. Neither staff members nor members of their immediate family shall accept benefits, favours or gifts from sources external to the Fund with respect to any Fund transaction, whether by way of compensation, commission, favorable buying or selling arrangements, gift, employment or otherwise.

27. Staff members or their immediate family members who find themselves in circumstances which make it difficult to refuse any such benefit favour or gift must consult the Director, Support Services or designated official.

8.7 Internal gifts

28. Giving or accepting gifts among Fund's staff members is not allowed if intended to serve the purpose of obtaining or exchanging a favour; or influencing other staff members' performance of official duties or responsibilities. In particular, the conduct of supervisors must be free from intimidation or favouritism, and except as provided below, any solicitation or acceptance by supervisors of favours, gifts or loans from staff members as well as offers of favours, gifts or loans by staff members to supervisors is prohibited.

29. On an occasional basis, and in accordance with tradition and culture, staff members may give gifts or contributions for an event of personal significance such as a marriage, birthday, childbirth, illness, or death; festive occasion; or occasion of movement or departure. Voluntary group contributions for food and refreshments to be shared at the office as well as personal

hospitality at home or at other places such as a restaurant as is customary among friends and colleagues and not disproportionate under the circumstances, are not considered gifts for the purpose of this paragraph.

IX. Medals, decorations or similar honours

30. Staff members and former staff members may not accept medals, decorations or similar honours from any government, or from any other authority or person external to the Fund, for services rendered during the period of their appointment or service with the Fund. Staff members who find themselves in circumstances which make it difficult to refuse or decline any such medal, decoration or honour must consult the Executive Director or designated official.

X. Disclosure of financial and business interests

31. A staff member must promptly disclose to his/her Director or Head of Unit, any financial or business interest that he/she or an immediate family member has, which might reflect unfavourably on the Fund, or which might be in actual or perceived conflict with his/her duties. Upon such disclosure, the staff member must refrain from exercising any responsibility as a staff member that might affect such interest, except as otherwise directed by his/her Director or Head of Unit.

32. In the event the Fund has reason to believe that a staff member or an immediate family member has engaged in conduct or entered into a transaction prohibited under this Code, such staff member may be required to provide to the Fund a certified statement of relevant financial and business interests and to use best efforts to provide a comparable statement in respect of immediate family members.

XI. Sanctions

33. Staff members who fail to comply with their obligations shall be subject to the disciplinary procedures and sanctions for unsatisfactory conduct and misconduct set out in the administrative guidelines, including the possibility of termination or summary dismissal, if warranted by the gravity of the misconduct in question.

XII. Annual declaration of compliance

34. Staff members are required to submit an annual declaration of compliance in the first quarter of each year or as directed by the Executive Director or designated official. Newly-appointed staff members must submit an annual declaration of compliance within 90 days of their appointment or as otherwise directed by the Executive Director or designated official.

Appendix II: Affirmation

Upon appointment, each staff member shall subscribe in writing to the following affirmation:

"I solemnly affirm that:

I will carry out my responsibilities to the best of my ability in a manner that furthers the purpose of the Green Climate Fund;

I have read and understood the Fund's Administrative Policies and Administrative Guidelines and agree to abide by them and any additions or alterations to them that may be issued from time to time;

I will accept no instruction with regard to the performance of my duties from any government or authority external to the Fund."

Annex II: Staff salary structure effective 1 January 2014

Internationally recruited staff salary structure (in United States dollars)				
Level¹	Description	Minimum	Midpoint	Maximum
IS1	Young/Junior Professionals	74,100	81,500	88,900
IS2	Young/Junior Professionals	82,500	94,900	107,300
IS3	Specialist or equivalent	92,200	108,300	124,500
IS4	Specialist or equivalent	108,900	128,000	147,000
IS5	Senior Specialist or equivalent	123,000	147,600	172,200
IS6	Principal Specialist or equivalent	145,300	174,400	203,400
IS7	Manager/Advisor or equivalent	167,600	201,100	234,600
IS8	Director or equivalent	196,300	235,500	274,800
IS9	Deputy Executive Director or Senior Director	229,600	269,800	310,000
IS10	[Executive Director] ²	257,800	290,000	322,300

Locally recruited staff salary structure (in Korean won)³				
Level	Description	2014	2014	2014
		Minimum	Midpoint	Maximum
A	Clerk	30,900,000	44,100,000	57,300,000
B	Junior Assistant	35,600,000	50,800,000	66,000,000
C	Assistant	41,100,000	58,700,000	76,300,000
D	Senior Assistant	49,300,000	70,400,000	91,500,000

¹ Salary levels IS1-IS6 correspond to professional levels of increasing responsibility. Salary levels IS1 and IS2 are generally only used for young professionals or other special appointments. Levels IS3 and IS4 are normal entry level positions. Levels IS5 and IS6 correspond to senior and principal specialists who are leading technical experts in a given field. Levels IS7-IS10 are management positions.

² The Executive Director is hired at the level of Vice-President in a multilateral development bank. For salary purposes only, and except as may otherwise be approved by the Board, the salary of the Executive Director shall be within the range for IS10.

³ As ADB currently does not have a published local salary scale for the Republic of Korea, it is proposed to use as a proxy for such staff the World Bank's salary scale that is based on very similar principles as those applied by ADB.

Annex III: Terms of reference of the Independent Evaluation Unit

I. Background

1. The terms of reference of the Independent Evaluation Unit (IEU) are based on the Governing Instrument (particularly, but not exclusively, its paragraphs 59-62), taking into account Board decisions and documents, best international practices and the specific functions of the Fund, its scope of activities, size and structure.

II. Objectives

2. The following objectives of the IEU are derived from the Government Instrument:

- (a) Informing the decision-making by the Board and identifying and disseminating lessons learned, contributing to guiding the Fund and stakeholders as a learning institution, providing strategic guidance;
- (b) Conducting periodic independent evaluations of the Fund's performance in order to provide an objective assessment of the Fund's results and the effectiveness and efficiency of its activities; and
- (c) Providing evaluation reports to the Conference of the Parties (COP) to the United Nations Framework Convention on Climate Change (UNFCCC) for purposes of periodic reviews of the financial mechanism of the Convention.

III. Independence of evaluation and role of the Board

3. According to the best-practice norms and standards for independent evaluation,¹ the evaluation function should be located independently from the other management functions so that it can be free from undue influence. It needs to have full discretion in directly submitting its reports. The Head of the IEU will be appointed by, and report to, the Board, potentially through a designated Board committee. The appointment will be for a three-year term. The recruitment process will be conducted in a transparent manner and in consultation with the Board. The Head of the IEU can be removed only by decision of the Board. To preserve independence, upon termination of service as the IEU Head, he/she will not be eligible for staff positions within the Secretariat.

4. The staff of the IEU will be subject to the Code of Conduct of Staff.

5. The Board will review and approve the evaluation policy, three year-rolling evaluation work plans, the annual work programme and budget. It will also review, on an annual basis. The progress in the implementation of IEU recommendations.

IV. Responsibilities

6. Should the COP commission an independent assessment of the overall performance of the Fund, the IEU would support the work involved in such assessment. An overall performance study of the Fund could become a responsibility of the IEU, as has been the case with the Global Environment Facility (GEF) Evaluation Office since 2007.

¹ *Sourcebook for Evaluating Global and Regional Partnership Programs* elaborated by the OECD/DAC Network on Development Evaluation and IEG/World Bank.

7. Furthermore, taking into account international experience, and in light of the results of its evaluations, the IEU will make recommendations to improve the Fund's performance indicators and its results management framework.
8. In addition, the IEU will attest to the quality of the Fund's self-evaluation conducted by the Secretariat.
9. The IEU will synthesize the findings and lessons learned from its evaluations to inform the Board and the Executive Director as well as stakeholders.
10. The IEU will actively participate in relevant evaluation networks to ensure that it is at the frontier of evaluation practice and that it benefits from relevant initiatives undertaken by other evaluation units.
11. The IEU will establish close relationships with the independent evaluation units of the intermediaries and implementing entities of the Fund and will seek to involve them in their activities wherever feasible and appropriate.
12. The IEU will be responsible for conducting, or managing by contracting consultants, the types of evaluations mentioned in Section V, using as much as possible internally generated data streams and analytical outputs, and applying the best evaluation norms and standards.² The use of technical expert panels or similar mechanisms may be appropriate, as recommended in the case of the GEF by the peer review of its evaluation function. The IEU will ensure that evaluation team members do not have conflicts of interest with respect to the activities in whose evaluation they will be involved. Finally, the IEU will be responsible to develop and update the evaluation policy of the Fund.

V. Types of evaluation and the Fund's result areas

13. Given that the Fund will pursue a country-driven approach, after its first years of operation the IEU may perform evaluations of the activities funded in different countries, i.e. *country portfolio evaluations*.
14. Furthermore, the IEU may also perform *thematic evaluations* of the different types of activities that the Fund will finance, such as those designed to enable and support enhanced actions on climate change adaptation or mitigation. With time, these thematic evaluations may cover all the results areas of the Fund.³
15. In addition, as the Fund will support developing countries in pursuing project-based and programmatic approaches in accordance with climate change strategies and plans, such as low-emission development strategies or plans, nationally appropriate mitigation actions (NAMAs), national adaptation plans of action (NAPAs), national adaptation plans (NAPs) and other related activities, the IEU may also perform *evaluations of those project-based and programmatic approaches*.
16. The types of evaluation mentioned above will provide the Board and the COP with an independent assessment of the Fund's operations. These evaluations could also be used as building blocks for an overall assessment of the Fund. To maximize the value added of IEU evaluations, the IEU will prepare its work plans after consulting with the Board and the

² In addition to the norms and standards, quoted in footnote 1, another relevant source are the good-practice standards developed by the independent evaluation offices of multilateral development banks (MDBs), through their Evaluation Cooperation Group (ECG). See https://wpqr4.adb.org/LotusQuickr/ecg/PageLibrary48257B910010370B.nsf/h_Toc/7165ce615f744f0848257b95002c9f1d/?OpenDocument.

³ Document GCF/B.05/02 identifies 14 initial result areas of the Fund.

Secretariat. All these evaluations will be performed mainly by independent consultants managed by the IEU.

VI. Evaluation criteria

17. The evaluation criteria to be used by IEU will be the following (taking into account the Fund's results management framework):
- (a) Relevance, effectiveness, efficiency, impact and sustainability of projects and programmes;⁴
 - (b) Coherence in climate finance delivery with other multilateral entities;
 - (c) Gender equity;
 - (d) Country ownership of projects and programmes;⁵
 - (e) Innovativeness in result areas (extent to which interventions may lead to paradigm shift towards low-emission and climate resilient development pathways);
 - (f) Replication and scalability - the extent to which the activities can be scaled up in other locations within the country or replicated in other countries (this criterion, which is considered in document GCF/B.05/03 in the context of measuring performance, could also be incorporated in independent evaluations);⁶ and
 - (g) Unexpected results, both positive and negative.

VII. Feedback and knowledge management

18. Independent Evaluation Unit evaluations will be published and reports will be provided to the COP for its periodic reviews of the financial mechanism of the Convention.⁷
19. Evaluation results should feed back into the design phase, thus contributing to enhancing the quality of funded activities. To facilitate this process, the IEU will periodically prepare brief notes synthesizing lessons learned from evaluations.

VIII. Delineation of roles and responsibilities of the Fund's IEU and those of the independent evaluation mechanisms of implementing entities and intermediaries

20. In the initial phase of its operations, the Fund will be exclusively be working through subnational, national, regional and international implementing entities and intermediaries. Thus, it will be of necessary to define the delineation of roles and responsibilities of the Fund's IEU and those of the independent evaluation mechanisms of implementing entities and intermediaries.

⁴ Co-benefits and global environmental co-benefits would be included either within relevance and/or effectiveness, depending on the definition of the objectives of the Fund's activities that will be evaluated.

⁵ Even though this is not a standard evaluation criterion, it is included among the evaluation criteria that the IEU should use in order to take into account decision B.04/04, that country ownership will be a core principle of the Fund's business model framework.

⁶ Following the good practice of the Independent Evaluation Office of the International Fund for Agricultural Development (IFAD).

⁷ As established in the Annex to decision 5/CP.19.

21. The Fund's IEU should closely cooperate with the relevant departments or units of implementing entities and intermediaries and should seek to involve them in its activities wherever feasible.
22. The relationship between the IEU and the corresponding body of implementing entities or intermediaries will be covered by agreements which will be entered into by the Fund with these entities or intermediaries which will require these to cooperate with the Fund's IEU, where required.
23. The IEU will support the strengthening of evaluation capacities in subnational, national and regional IEs and intermediaries to enable evaluation of their Fund portfolio activities. Over time, in those countries in which there are sub-national, national or regional intermediaries or implementing entities with evaluation capacities, the IEU could involve them in Fund evaluations.

Annex IV: Terms of reference of the Independent Integrity Unit

I. General principles

1. Pursuant to paragraph 68 of the Governing Instrument, the Board will establish an Independent Integrity Unit (IIU), to work with the Secretariat and report to Ethics and Audit Committee and to the Board, to investigate allegations of fraud and corruption and other prohibited practices (coercive and collusive practices, abuse, conflict of interest and retaliation against whistle-blowers) in line with best international practices and in close coordination or cooperation with relevant counterpart authorities.
2. The Independent Integrity Unit will enjoy complete independence in the exercise of its responsibilities; and in order to conduct an investigation, it will have full access to all relevant Fund's documents and data, including electronic data. During the course of its work, the IIU will need to work closely with the Secretariat. The IIU will report to the Board directly or through the Ethics and Audit Committee.
3. The IIU will actively participate in relevant networks of integrity department/units to ensure that it is at the frontier of relevant practice and that it benefits from initiatives undertaken by integrity units of other international organizations.
4. The IIU will establish close relationships with the integrity units of the intermediaries and implementing entities. However, the IIU will not be precluded from conducting its own investigations.
5. All complaints and allegations against the Fund or persons associated with it that fall within the competence of the IIU, as defined in these terms of reference, will be addressed by the IIU. The IIU will maintain objectivity, impartiality and fairness throughout the investigative process and conduct its activities with the highest levels of integrity.
6. The IIU will be free from improper influence or fear of retaliation.
7. The staff of the IIU will be managed by the Head of the IIU. The staff of the IIU will be subject to the Code of Conduct of the Staff. In this regard, the staff of the IIU will disclose to the Head of the IIU, in a timely manner, any actual or potential conflict of interest they may have in an investigation in which they are participating, and the Head of the IIU will take appropriate steps to remedy the conflict. The Head of the IIU will disclose to the Executive Director and the Ethics and Audit Committee any actual or potential conflict of interest he/she may have in an investigation, and the Executive Director will take appropriate steps to remedy the conflict. Appropriate procedures will be prepared by the Secretariat, for review by the Ethics and Audit Committee and Board approval, to investigate allegations of misconduct on the part of any staff member of the IIU, and mitigate any conflict of interest.
8. Investigations conducted by the IIU will not be a judicial or quasi-judicial process, and the standard of proof that will be used by the IIU to determine whether a suspicion or allegation is substantiated, will be whether the information as a whole shows that an investigative finding is more probable than not.
9. Investigative findings will be based on facts and related analysis. The subject of an investigation will be given the opportunity to explain the reasons for the conduct and provide information supporting such explanation.
10. If the IIU does not find sufficient information during the investigation to substantiate a suspicion or allegation, it will document its findings, close the investigation, and notify the Secretariat and other parties, as appropriate.

11. Where the IIU's investigative findings indicate that a complaint was knowingly false, it will refer the matter to the Secretariat for any further action.
12. The IIU will, during an investigation, take appropriate measures to protect as confidential any non-public information associated with an investigation, and will take appropriate measures to prevent the unauthorized disclosure of investigative findings.
13. To the extent possible, interviews conducted by the IIU during an investigation will be conducted by two persons. Interviews may be conducted in the language of the person being interviewed, where appropriate, using interpreters. The Fund will not pay a witness or an informant; however, the IIU may assume the responsibility for reasonable expenses incurred by witnesses or informants to meet with the IIU.
14. The IIU may engage external parties (e.g. individuals or companies experienced in forensic investigations) to assist it in its investigations.

II. Principal responsibilities

15. The IIU will:
 - (a) Serve as the initial point of contact for all alleged and suspected incidents of an integrity violation, as defined in these terms of reference, including fraud and corruption, involving any Fund activity, including by its staff members, corporate procurement by the Fund, and activities (including projects and programmes) using Fund resources directly or indirectly;
 - (b) Register all complaints and review them to determine whether they fall within the authority of the IIU (or require referral to another body), and determine the priority of a case with respect to other cases, taking into account the monetary value of the integrity violation, media and other sensitivity and relevance to a possible financial risk and reputational risk. Where practical, the IIU will acknowledge receipt of all complaints;
 - (c) Adopt appropriate procedures to determine whether an integrity violation has occurred; gathering sufficient related evidence, attempt to identify the integrity violators and establish the extent of the integrity violation as well as the techniques used;
 - (d) Examine and determine the veracity of alleged or suspected integrity violations against implementing entities or intermediaries, project executing entities, contractors, consultants, service providers, or other external stakeholders, or against the Fund's staff members, report its investigative findings to the Secretariat and/or an oversight body, and make recommendations, as appropriate, that are derived from its findings;
 - (e) With reference to complaints regarding any activities using Fund resources directly or indirectly or in connection with corporate procurement, provide the Secretariat or any potential Fund body established to consider remedial actions with investigative findings to decide on remedial actions, including possible sanctions;
 - (f) With reference to staff of the Fund, investigate allegations of staff misconduct, involving violations of the Code of Conduct of the Fund's Staff and other integrity violations as defined in these terms of reference, including allegations referred to the IIU by the Secretariat; cooperate and coordinate with the Executive Director and the Secretariat in the conduct of investigation; report to the Secretariat its findings for the Executive Director to decide on disciplinary actions;
 - (g) With reference to the Executive Director, bring to the attention of the Co-Chairs and the Ethics and Audit Committee the findings on any investigation involving misconduct or integrity violations;

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- (h) In consultation with the Executive Director and other designated officials of the Fund, recommend improvements to policies, procedures and controls to mitigate the opportunities for integrity violations in the Fund's activities, including activities implemented through implementing agencies and intermediaries, to ensure that all staff, external stakeholders and implementing entities and intermediaries adhere to the highest integrity standards; and document all investigative findings and conclusions;
 - (i) Provide the Ethics and Audit Committee with the information that the Committee may reasonably request for it to fulfil its role pursuant to its terms of reference, in particular concerning the issues of Board conflict of interest, confidentiality and ethics;
 - (j) Report to the Board on its activities, including summary investigative findings and any remedial action decided upon by an oversight body in the case of external stakeholders, or by an implementing entity or intermediary;
 - (k) In collaboration with the Secretariat and the Executive Director, promote awareness of the Fund's integrity standards, including to all implementing entities and intermediaries, and executing entities;
 - (l) Consult and collaborate with multilateral funds, international finance institutions and other relevant parties to share experience and insight on how best to address integrity violations;
 - (m) Coordinate with relevant national and international counterpart authorities during investigations of alleged or suspected integrity violations, when considered appropriate and authorized by the Secretariat;
 - (n) Consider and recommend for Board approval the participation in arrangements between multilateral funds and international financial institutions on integrity matters; and
 - (o) Prepare and submit an annual report to the Board, summarizing its activities.

III. Delineation of roles and responsibilities of the Fund's Independent Integrity Unit and those of the integrity mechanisms of implementing entities and intermediaries

- 16. The IIU should closely cooperate with the relevant departments or units of implementing entities and intermediaries.
- 17. The relationship between the IIU and the corresponding body of implementing entities or intermediaries will be covered in agreements that will be entered into by the Fund with these implementing entities or intermediaries that will require these to cooperate with the Fund's IIU, where required.
- 18. The IIU will share best practices and give guidance that can be helpful for the Fund's readiness activities.

IV. Governance and management structure

- 19. The IIU will be headed by an expert with experience and proven track record in conducting integrity investigations and leading an integrity unit. The Head of the IIU should enjoy impeccable reputation of honesty and integrity and be widely respected and regarded for his/her competence and expertise.

20. The Board, on the recommendation of the Ethics and Audit Committee, will be responsible for:
- (a) Appointing the Head of the IIU, in an open and transparent manner to be decided by the Board;
 - (b) Establishing processes or mechanisms for taking actions based on the investigative findings and conclusions of the IIU, as appropriate;
 - (c) Receiving reports on the activities of the IIU;
 - (d) Considering and approving the annual budget of the IIU.
21. The tenure of the office of the Head of the IIU will be for three years; renewable once. In order to ensure independence of the office, the incumbent may not be removed from office during his/her term, except for malfeasance or mental incapacitation. His/her terms and conditions of appointment will be decided by the Board. The Head of the IIU shall not be eligible for any type of employment by the Fund within one year after the date of the end of his/her appointment.

Annex V: Terms of reference of the independent redress mechanism

I. Role and functions

1. The Governing Instrument mandates the Board to establish “an independent redress mechanism that will report to the Board. The mechanism will receive complaints relating to the operation of the Fund and will evaluate and make recommendations”. The independent redress mechanism (IRM) is not intended to be a court of appeals or a legal mechanism.
2. The IRM is a mechanism within the Fund that will:
 - (a) Address the reconsideration of funding decisions in accordance with paragraphs 6 to 10 of the Arrangements between the Fund and the Conference of the Parties, and
 - (b) Address the grievances and complaints by communities and people who have been directly affected by the adverse impacts through the failure of the project or programme funded by the Fund to implement the Fund's operational policies and procedures, including environmental and social safeguards.

II. Modalities for reconsideration of funding decisions

3. A request can be filed by a developing country that has been denied funding for a specific project or programme in that country by the Board, even though resources were available. Such a request will need to include a description of the project or programme that has been denied funding, and will need to substantiate the reasons why the developing country believes that the denial was inconsistent with the policies, programme priorities and eligibility criteria of the Fund, including those implementing guidance provided by the Conference of the Parties.
4. When considering such a request, the IRM will:
 - (a) Review the request in an open and transparent manner;
 - (b) Use informal means, in the first instance, for addressing the request to bring about a satisfactory and amicable resolution of the request;
 - (c) If informal means are not successful, determine whether the Fund was inconsistent with its policies, programme priorities and eligibility criteria when denying funding to a specific project or programme;
 - (d) Prepare a report for the Board's consideration, including recommendation on possible remedial actions.
5. The Board may consider the request in view of the report and take steps to implement the recommendation of the IRM.

III. Modalities for redress for affected communities

6. The IRM will treat all stakeholders in a fair and equitable manner. While ensuring transparency and fairness, the IRM will be cost-effective, efficient and complementary to other supervision, audit, quality control and evaluation systems of the Fund. The IRM will follow international best practices.
7. A grievance or complaint can be filed by a group of persons who have been directly affected by adverse impacts through the failure of the project or programme funded by the Fund

to implement the Fund's operational policies and procedures, including environmental and social safeguards, or the failure of the Fund or its intermediaries and implementing entities to follow such policies. Other kinds of complaints, such as allegations of corruption, misprocurement, will be handled by other units of the Fund, i.e. the Independent Integrity Unit.

8. When considering such a grievance or complaint, the IRM will follow the steps below:
 - (a) Evaluate if a grievance or complaint meets the eligibility criteria set out in paragraph 7;
 - (b) If deemed eligible, address a grievance or complaint from those directly affected by the projects/programmes funded by the Fund;
 - (c) Use informal means for addressing the grievance or complaint such as problem solving and mediation to bring about a satisfactory and amicable redress of the grievance or complaint;
 - (d) Where such informal efforts are not successful, determine if project-affected communities or people encountered impacts because of a failure to follow the Fund's operational policies and procedures, including environmental and social safeguards, and make recommendations to the Board for actions, as appropriate;
 - (e) The IRM may also make recommendations to the Board to make changes to operational policies and procedures;
 - (f) Monitor whether the decisions taken by the Board following IRM recommendations have been implemented; and
 - (g) Prepare and submit periodic progress reports to the Board, as and when required, and an annual report that will also be disseminated to the public.

IV. Governance and management structure

9. The IRM Unit will have the highest professional and technical standards for its staff and operations and will be headed by a part-time expert with experience in running an accountability mechanism and will comprise two other part-time experts who have relevant background and experience relating to such a mechanism. These persons should enjoy impeccable reputation of honesty and integrity and be widely respected and regarded for their competence and expertise. As and when the workload justifies, the part-time head position could be converted into a full-time position. The Head of the IRM Unit will report to the Board.

10. The Board will be responsible for:
 - (a) Appointing the Head of the IRM Unit, in an open and transparent manner to be decided by the Board;
 - (b) Overseeing the activities of the IRM;
 - (c) Considering and approving the annual budget of the IRM;
 - (d) Taking decisions and authorizing actions on recommendation of the IRM, following the investigations; and
 - (e) Monitoring the implementation of the decisions taken.

11. The tenure of the office of the Head of IRM Unit will be for three years, renewable once. To ensure independence of the office, the incumbent may not be removed from office during his/her term, except for malfeasance or mental incapacitation. His/her terms and conditions of appointment will be decided by the Board. The Head of the IRM Unit shall not be eligible for any type of employment by the Fund within one year after the date of the end of his/her appointment.

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12. The IRM Unit will keep a roster of experts with a variety of technical skills who will be selected in an impartial and objective manner. These experts will be invited and assigned the task to carry out compliance appraisals in those cases where screening determines that the complaint meets the eligibility criteria and where mediation has failed. The selection of the candidates will be made carefully to eliminate any possible actual or perceived conflict of interest. These experts will be paid all their expenses, and fees or honorarium on the basis of the work performed.
 13. The staff of the IRM Unit will be subject to the Code of Conduct of Staff.

V. Guidelines and procedures

14. The detailed guidelines and procedures governing the work of the IRM will be approved by the Board. The procedures to be followed will be iterative, whereby expeditious and low-cost redress of grievances and resolution of complaints can be facilitated. Only in those cases where such informal resolution of problems is not possible, the subsequent phase of investigation and determination will be invoked.

VI. Budget, staffing and reporting

15. To ensure its financial independence, the Head of IRM Unit will propose a budget for meeting the annual expenses and the Board will consider and approve this budget.
16. For administrative purposes only, the Head of IRM Unit will report to the Executive Director, but for all substantive work, he/she will be responsible to the Board.
17. All staff appointments and terminations of service in the IRM Unit will be the sole responsibility of the Head of IRM Unit and not of the Secretariat.

VII. Delineation of roles and responsibilities of the Fund's independent redress mechanism and those of the accountability mechanisms of implementing entities and intermediaries

18. The Fund's IRM should closely cooperate with the relevant departments or units of implementing entities and intermediaries.
 19. The relationship between the IRM and the corresponding body of implementing entities or intermediaries will be covered in agreements which will be entered into by the Fund with these implementing entities or intermediaries which will require these to cooperate with the Fund's IRM, where required.
 20. The IIU will share best practices and give guidance that can be helpful for the Fund's readiness activities.
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