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Review of committees: Co-Chairs’ proposal for an updated structure for Board committees

Summary

This document is submitted to the Board in response to decision B.43/14 titled “Review of committees”. It sets out proposals and preparatory elements required to implement the Board’s request to update the governance arrangements for Board committees, including an updated committee structure. The document provides: (i) new and revised terms of reference (TORs) for Board committees; and (ii) updates to the General guidelines for the operation of Board committees.

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I. Introduction

1. This document is submitted to the Board in response to decision B.43/14. Its purpose is to present proposals and preparatory elements to give effect to the Board's request for updated governance arrangements for Board committees within an updated committee structure.
2. Consistent with the Board's decision (B.43/14), the document sets out:
 - (a) new or updated terms of reference (TORs) for Board committees based on the proposed structure presented in annex II to document GCF.B.43/20, and discussions that took place at the forty-third meeting of the Board;
 - (b) Updates to the General guidelines for the operation of Board committees ("Guidelines"), to give effect to the proposed updated structure of Board committees.
3. In decision B.43/14(d), the Board also requested a review of the authorities governing the participation of other stakeholders in committee meetings. Options arising from this review will be presented to the Board for consideration in the coming year, consistent with the mandate provided by the Board.

1.1 Background and mandate

4. Board committees are established pursuant to paragraph 18(g) of the Governing Instrument and operate under the overall authority of the Board, the Rules of Procedure of the Board, relevant Board decisions, and the Guidelines– adopted through Board decision.¹
5. Since their establishment, the structure and mandates of Board committees have evolved incrementally through the natural development of the Fund and successive Board decisions, reflecting the growth and increasing complexity of the operations of the Fund. Over time, this has resulted in overlaps, gaps, and fragmentation across committee mandates and successive Board decisions, particularly in cross-cutting areas such as programming, portfolio oversight, finance, and risk. Committee functioning has also been affected by the growing demands on committee members' time and expertise, as matters brought to committees have become more complex with increases to programming activities. This has resulted in practical constraints on participation, including challenges in reaching a quorum, leading to cancelled meetings or delays in advancing decisions.
6. The Board has responded to these shifts first by commissioning, in 2018, a comprehensive study² of the effectiveness and efficiency of Board committees and, more recently, by undertaking incremental efforts to review and update aspects of committee governance. Through decision B.40/03, the Board adopted the updated Guidelines and requested the Co-Chairs, with the support of the Secretariat, to continue consultations on committee governance and present proposals to enhance the efficiency and effectiveness of Board committees, including by considering the committee structure.
7. In response to this decision, the Co-Chairs initiated a phased review process which, over the past year, has included consultations with Board members, benchmarking against comparable institutions, and the presentation of discussion documents at B.42 and B.43. These efforts culminated in the submission at B.43 of a proposal for an updated structure for Board committees, on the basis of which the Board requested that the supporting documents for the

¹ The General Guidelines for the Operation of Board Committees ("Guidelines") as updated through decision [B.40/03\(a\)](#).

² Decision B.20/04. The "Final report of the review of the effectiveness of committees and group established by the Board" was first circulated on a limited distribution basis for consideration at B.24 (document GCF/B.24/Inf.15/Add.01) and was subsequently reissued on a limited distribution basis under GCF/B.33/Inf.12.

concrete proposals, namely committee terms of reference and operational Guidelines, be presented for consideration at B.44.

1.2 Outcome of the written consultation

8. Following B.43, the Co-Chairs guided the Secretariat in the preparation of the draft terms of reference for the committees which were proposed under the updated committee structure. Additional documentation was developed in support of a Board decision, including mapping more fully the anticipated updates across other relevant Board decisions and documents. The package was submitted for consultation with the full Board on 21 February 2026 and comments were received from 4 seats.

9. The present proposal was prepared by the Co-Chairs considering the full scope of Board engagement on the issue since B.40, and particularly the discussions by the Board at B.43.

II. Proposal for Board consideration

10. This document provides a structured basis for advancing the review of Board Committees, consistent with the proposed updated committee structure discussed at B.43 as set out in annex II of document GCF/B.43/20.³ This document recalls the key elements of that proposal that prompted the preparation of: (i) new and revised terms of reference for Board committees, and (ii) revisions to the General guidelines for the operation of Board committees. In addition, the document proposes an approach to align references in existing Board decisions and Board-adopted documents to committee names and functions with the updated committee structure, to ensure coherence across the GCF governance framework.

11. In this section, each of these three elements is recalled and illustrated, in turn.

2.1 New and revised terms of reference for Board committees

12. Pursuant to paragraph (a) of decision B.42/02(b) and decision B.43/14, the Co-Chairs, with the support of the Secretariat, have prepared new and revised terms of reference for Board committees, based on the proposed updated committee structure and the discussions held at the forty-third meeting of the Board. The rationale for the proposal was presented in the documents submitted⁴ B.42 and B.43, highlighting the opportunity to reflect the evolution of GCF, streamline increasingly complex mandates and enhance committee effectiveness by addressing overlaps and closing gaps.

13. The current and the proposed committee structures are schematically recalled below.

Table 1: Comparison between the current committee structure and the proposed updated structure

Nr.	Current	Updated	Nr.
1	Budget (BC)	Budget (BC)	1
2	Risk Management (RMC)	Risk and Finance (RFC)	2
3	Investment (IC)	Operations and Portfolio (OPC)	3

³ At paragraph (d) of that same decision B.43/14, the Board also requested that a review of authorities regulating participation in committee meetings of other stakeholders be presented for Board consideration “in the coming year”. This mandate is not given effect in the present paper.

⁴ Respectively, Document [GCF.B.42/14](#) and Document [GCF/B.43/20](#).

Nr.	Current	Updated	Nr.
4	Accreditation (AC)	<i>(including elements of oversight of the Independent Evaluation Unit)</i>	
5	Ethics and Audit (EAC) <i>(including oversight of the Independent Integrity Unit and Independent Redress Mechanism)</i>	Ethics and Audit (EAC) <i>(including oversight of the Independent Integrity Unit and Independent Redress Mechanism)</i>	4
6	Performance Oversight (POC) of the Executive Director and Heads of Independent Units	Performance Oversight (POC) of the Executive Director and Heads of Independent Units	5

14. The new and revised terms of reference respond to the objectives to ensure that committee mandates are:
- clearly aligned with the proposed update to the committee structure;
 - coherent across related functional areas;
 - reflective of the Fund’s current stage of institutional maturity; and
 - strategically framed to allow the Board to continue assigning new policy mandates as needs arise.
15. The reallocation of general mandates is schematically presented in the table below:

Table 2: Proposed reallocation of mandates across committees

Committee	Retained mandates	New/transferred mandates
Budget Committee (BC)	<ul style="list-style-type: none"> Administrative budget; Budget Execution 	
Risk and Finance Committee (RFC)	<ul style="list-style-type: none"> All mandates from the Risk Management Committee 	<ul style="list-style-type: none"> Financial mandates transferred from BC and IC and centralised External audit from EAC
Ethics and Audit Committee (EAC)	<ul style="list-style-type: none"> Existing mandates remain largely the same 	<ul style="list-style-type: none"> External audit is removed from EAC Strengthened link with internal audit
Performance Oversight Committee (POC)	<ul style="list-style-type: none"> Existing mandates remain largely the same 	
Operations and Portfolio (OPC)	<ul style="list-style-type: none"> All mandates from the Accreditation Committee Non-financial mandates from the Investment Committee Work programme and three year workplan of the IEU 	

16. The proposed new and revised terms of reference are presented in annex II. To support Board consideration of the proposed terms of reference, the current terms of reference for each Committee are displayed tracking all proposed changes. This is accompanied by a section providing background and rationale for the proposed changes.
17. It is important to recall that the updated terms of reference are almost exclusively limited to giving effect to the proposed update to the committee structure, streamlining or reallocating already existing Board mandates. Where mandates may be considered new (or additional), they have been clearly indicated in the draft terms of reference.

2.2 Updates to the General guidelines for the operation of Board committees

18. As discussed at B.43, the proposal seeks to further enhance the effectiveness of Board committees' functioning by proposing adjustments to the size of certain committees with larger portfolios and corresponding adjustments to the rules for quorum.

19. The current guidelines require a quorum of two-thirds of committee members. With the current committee size (4 to 6 members), this means at least four (4) members (or three for the POC) must attend. Given the competing professional commitments of Board members, this threshold has proven challenging to meet consistently.

20. To address this, and consistent with the proposal set out in document GCF/B.43/20, it is proposed that committees with eight (8) members adopt a quorum requirement of one-half of members (i.e., four (4) members to be present for a meeting to occur), provided both constituencies are represented. This would maintain the current minimum presence of four members (with the exception of the Performance Oversight Committee (POC)), drawing from a larger pool of participants and expertise, thereby reducing the risk of cancellations and improving continuity.

Table 3: Proposed number of committee members: current and updated structure

Current structure 34 members	BC	RMC	AC	IC	EAC	POC
	3+3	3+3	3+3	3+3	3+3	2+2
Updated structure (with an increase) 34 members	BC	RFC	OPC		EAC	POC
	4+4	4+4	4+4		3+3	2+2

Table 4: Quorum: schematic presentation relative to the proposed size for each committee

BC	RFC	OPC	EAC	POC
1/2 of the 8 members	1/2 of the 8 members	1/2 of the 8 members	2/3 of the 6 members	2/3 of the 4 members
4 members required for quorum with both constituencies represented	4 members required for quorum with both constituencies represented	4 members required for quorum with both constituencies represented	4 members required for quorum	3 members required for quorum

21. Paragraph (c) of decision B.43/14 requested the preparation of updates to the Guidelines for the operation of Board committees, as necessary, to give effect to the proposed changes should they be adopted by the Board. These updates focus on ensuring consistency between the present proposal, the draft terms of reference and the Guidelines with reference to the revised configuration of committees, the proposals related to size and the effect of committee size on the quorum rules.

22. It is important to recall that the Guidelines regulate the overall functioning of all standing committees of the Board, unless otherwise specified in each committee's terms of reference, an element which has also been highlighted in the proposed update. With their first adoption in May 2022, the Board harmonized key operational aspects across committees, including by clarifying roles and responsibilities, aligning committee members' terms with

those of the Board, and establishing more predictable and orderly chairing and meeting arrangements.

23. The proposed approach is to retain the overall framework and principles of the existing Guidelines, while introducing only limited, targeted amendments to reflect the updated committee structure and associated governance arrangements.

24. A draft update to the Guidelines for the operation of Board committees is presented in annex III.

2.3 Coherence within the existing framework

25. The update to the committee structure requires reallocation of existing mandates and tasks across committees. Accordingly, an analysis of existing Board-adopted documents that would be affected by the proposed update to the committee structure was first carried out ahead of the B.43 proposal and was completed in parallel with the development of the proposed updates to the committee terms of reference.

26. The Board decisions and Board-adopted documents identified in this analysis do not require repeal or significant amendments, as the underlying frameworks and the activities they regulate remain unchanged. The required modifications are minimal, aimed at reflecting changes in nomenclature, including committee titles and the names of the functions referenced as responsible for particular tasks.

27. The following groups of mandates in Board decisions and Board-adopted documents have been identified:

- (a) The framework regulating the “Implementation of the performance evaluation and performance-related pay for Board-appointed officials” adopted by decision B.BM-2020/04;
- (b) The framework on foreign exchange management (including local currency);
- (c) The framework regulating the external audit function (including the external auditor terms of reference).

28. If the Board adopts the proposed update to the committee structure, the Board may confirm that the changes to committee names described in annex IV take effect at the same time as the updates to the committee structure.

III. Financial implications

29. The implementation of an updated committee structure and the adoption of new and revised terms of reference are not expected to have financial implications. The proposal does not create new mandates; rather, it reallocates existing mandates. Accordingly, no change in GCF staffing or other costs is anticipated.

IV. Recommended action for the Board

30. The Board is invited to consider the Co-Chairs’ proposals presented in this document and to adopt the draft decision contained in annex I.

Annex I: Draft decision

The Board, having considered document GCF/B.44/16/Rev.01 titled “Review of committees: Co-Chairs’ proposal for an updated structure for Board committees”:

- (a) Establishes the committees under the updated structure described in document GCF/B.44/16/Rev.01 and adopts the terms of reference for Board committees as set out in annex II;
- (b) Appoints as members of the Risk and Finance Committee:
 - (i) [name];
 - (ii) [name];
 - (iii) [name];
 - (iv) [name];
 - (v) [name];
 - (vi) [name];
 - (vii) [name];
 - (viii) [name].
- (c) Appoints as members of the Operations and Portfolio Committee:
 - (i) [name];
 - (ii) [name];
 - (iii) [name];
 - (iv) [name];
 - (v) [name];
 - (vi) [name];
 - (vii) [name];
 - (viii) [name].
- (d) Appoints as members of the Budget Committee:
 - (i) [name];
 - (ii) [name];
 - (iii) [name];
 - (iv) [name];
 - (v) [name];
 - (vi) [name];
 - (vii) [name];
 - (viii) [name].
- (e) Confirms that the membership of the Ethics and Audit Committee and the Performance Oversight Committee remain unchanged;
- (f) Decides to disband the Private Sector Advisory Group established through decision B.05/13(h);

- (g) Adopts updated General guidelines for the operation of Board committees, established through decision B.40/03(a) as set out in annex III;
- (h) Confirms that any references to the committees or functions listed in annex IV shall, effective immediately, be interpreted as referring to their respective successor committees and functions established under paragraph (a) of this decision;
- (i) Decides that all existing mandates, delegated authorities, and procedural requirements previously assigned to the former committees remain in full force and effect for the respective successor committees;
- (j) Requests the Co-Chairs, with the support of the Secretariat, to continue to consult with the Board and present proposal(s) to increase the efficiency and effectiveness of Board governance and committees, prioritizing the delivery of existing mandates; and
- (k) Decides to review the Board committee structure in two years' time.

Annex II: Draft terms of reference for Board committees

Table 1: Terms of reference of the Budget Committee

<p style="text-align: center;">Terms of reference (adopted by B.12/37(b), amended by B.38/07(c))</p>	<p style="text-align: center;">Type of change / Rationale for the change</p>
<p>1. The mandate of the Budget Committee is to review and make recommendations to the Board on the preparation and implementation of the Administrative Budget of the Fund. To that effect, The the Committee will also review the work programme of the Secretariat and proposed budget of the Fund, in accordance with paragraphs provisions 18 (j) and 23(e) of the Governing Instrument.</p> <p style="padding-left: 20px;">I. Role and functions</p> <p>2. The role of the Budget Committee is to review and make recommendations to the Board on matters related to the administrative budget of the GCF.</p> <p>3. In fulfilling this role, the Budget Committee will:</p> <ul style="list-style-type: none"> (a) Review and make recommendations on the Fund’s proposed administrative budget, including the budget implications of the presentation of the staffing structure and changes to the Human Resources (HR) policy guidelines; (b) Review and make recommendations on the execution of the expenditures of the administrative budget; (c) Review and make recommendations on financial reports and related documents submitted by the Trustee of the GCF; 	<p>Para. 1: Clarity. Consistent with discussions at B.43, this edit clarifies that the role of the BC is to review the multi-annual budget of the Secretariat to ensure budgetary alignment and efficiency against the backdrop of the work programme, and not to review the work programme itself (which is of the resort of the Board).</p>

<p>(d) Cooperate with the Ethics and Audit Committee in relation to the annual audits of the GCF <u>Other Board committees as applicable and subject to the relevant Board decisions</u>; and</p> <p>(e) Consider any other matters related to the administrative budget of the GCF as referred to the Committee by the Board.</p>	<p>Para. 3(d): Clarity. This edit is to ensure that the review by the BC of any budgetary implications will always be done in accordance with the relevant and specific Board decisions, including where consultation with other committees is required. The aim is to clarify that each more specific Board-decision will determine the order of precedence of committee input.</p>
<p>II. Membership</p> <p>4. The Budget Committee will comprise:</p> <p>(a) Three<u>Four</u> developing country Board members or alternate Board members; and</p> <p>(b) Three<u>Four</u> developed country Board members or alternate Board members.</p> <p>5. The Chief Finance Officer will serve on the Committee as an ex officio member.</p> <p>6. The Committee will be assisted by the Secretariat.</p> <p>7. Members of the Committee will serve for a term of three years.</p>	<p>Para. 4: Update proposed to account for the workload of the committee.</p> <p>Paras. 5 and 6: Update. The term of committee membership for all Board committees and the Secretariat support to all committees are regulated in the overarching Board-approved Guidelines for the operation of Board Committees (B.40/03). The decision which adopted the Guidelines specifically stated that the TORs of committees were thereby updated to reflect the Guidelines.</p>
<p>III. Duration</p> <p>8. The Budget Committee will be<u>is</u> a standing committee of the Board.</p> <p>9. Three years following its establishment, the Board will evaluate the TOR of the Budget Committee.</p>	<p>Para. 8: Update</p> <p>Para. 9: Redundancy. The periodic review of Board committees and their terms of reference is covered in the overarching Board-approved Guidelines for the operation of Board Committees (B.40/03).</p>
<p>IV. Guidelines of<u>for</u> operations</p>	<p>Para. 10: Editorial change for grammar/style. Addition of a reference to the series of ethics and integrity policies that will apply to such situations.</p>



10. Provisions will be put in place to manage actual and potential conflicts of interests, consistent with applicable Board decisions and policies.

Table 2: Terms of reference of the Ethics and Audit Committee

<p style="text-align: center;">Terms of reference (adopted by B.05/13(f), amended by B.32/09(b))</p>	<p style="text-align: center;">Type of change/ Rationale for the change</p>
<p>Highlights:</p>	
<p>I. Role and functions</p> <p>1. The role of the Ethics and Audit Committee is to consider and provide guidance on issues of conflict of interest, confidentiality, ethics <u>and integrity including in-</u> financial management <u>and</u>, procurement and <u>other-on</u> audit functions as they relate to the Board of the Fund.</p> <p>2. <u>The EAC role is without prejudice to the</u> Executive Director <u>will put inresponsibility to put in</u> place <u>and review</u> structures that consider and provide guidance on issues of conflict of interest, confidentiality, ethics, financial management, procurement and other audit functions as they relate to the Secretariat.</p> <p>3. In fulfilling this role, the Ethics and Audit Committee will:</p> <ul style="list-style-type: none"> a) <u>Oversee the development implementation of and compliance with the relevant Board-approved integrity policies a draft Board policy on transparency, ethics and conflict of interest, including the issue of confidentiality, for consideration by the Board in 2014;</u> b) <u>Oversee the implementation of, and compliance with, the Board policy on ethics and conflict of interest, including by providing recommendations on any breaches of those see polycypolicies, as appropriate;</u> 	<p>Para. 1: Clarification: the EAC mandates are not limited to financial management and procurement, it is more accurate to say “including”.</p> <p>Para. 2: Editorial change: focus the text on the committee and not on the ED (because these are committee TOR), and which keeps the distinction because it is helpful. Update: adding “review” because the structures are in place, but they are subject to periodic review.</p> <p>Para. 3 (a) and (b): Update: These two paragraphs are updated for time/obsolescence: the EAC developed the policies, now it is in charge of their implementation and review (as stated in these policies).</p> <p>Editorial change: Once updated, they became repetitive and were merged into a single paragraph.</p>



<p>c) Provide guidance on the development and review of <u>the</u> implementation of, and compliance with, the Fund's comprehensive information disclosure policy;</p> <p>d) Provide recommendations guidance for to the establishment of the Fund's Independent Integrity Unit and Independent Redress Mechanism and <u>their Heads, in line with Board decisions and policies;</u></p> <p>d)e) _____ <u>Review and endorse/recommend the workplans and budgets, as appropriate, of the Independent Integrity Unit and the Independent Redress Mechanism, prior to their consideration by the Board.</u></p> <p>e)f) _____ Provide advice to the Board on policy and strategy matters relating to financial reporting ethics and integrity matters and <u>internal</u> audit requirements for the Fund;</p> <p>f)g) _____ <u>Review and make recommendations to the Board on audits of the administrative budget, as necessary;</u></p> <p><u>4. Review and make recommendations to the Board on external-internal audit reports <u>in accordance with the internal audit framework</u>;</u></p> <p><u>5. The Ethics and Audit Committee may consider any other matter referred to it by the Board.</u></p>	<p>Para. 3 (c) Update for time/obsolescence. Editorial change: alignment with the Board-approved title of the Information Disclosure Policy (decision B.12/35(a)).</p> <p>Para. 3 (d) Update for time/obsolescence: The IIU and IRM are established, staffed and functioning. The EAC now provides (via the adoption of the IIU and IRM TORs) guidance to these two units.</p> <p>Para. 3 (e) Update. The Board-approved TORs of the IIU and IRM specify the role of the EAC with respect to the workplans and/or budgets of the independent units, they are now reflected in the EAC TORs as well.</p> <p>Para. 3 (f) and (g): Mandate reallocated: regarding external financial audit reallocated to the Risk and Finance Committee. EAC policy advice on overall ethics, integrity and audit matters. Clarifying that the remaining audit function pertains to internal audit.</p> <p>Para. 4: Mandate reallocated: External financial audit is moved to Risk and Finance Committee. Clarification on remaining audit functions.</p> <p>Para. 5: Standardization across the TORs of all committees.</p>
<p>II. Membership</p> <p><u>46.</u> The Ethics and Audit Committee will comprise:</p> <p>(a) Three developing country Board members or alternate members; and</p> <p>(b) Three developed country Board members or alternate members.</p>	<p>No change</p>



<p>III. Duration 57. The Ethics and Audit Committee will be a standing committee of the Board.</p>	<p>Para. 7: Update</p>
<p>IV. Guidelines for operation 68. Provisions will be put into place to manage actual and potential conflicts of interest, <u>consistent with applicable Board decisions and policies.</u></p>	<p>Para. 8: Addition of a reference to the series of ethics and integrity policies that will apply to such situations. They were all adopted by the Board after the original committee TORs.</p>

Table 3: Terms of reference of the Operations and Portfolio Committee

Updated terms of reference	Proposed change/ Rationale for the change
<p>Highlights: merges AC and IC (non-finance aspects only), adds IEU work programme from RMC</p> <p>Highlights: This new Operations and Portfolio Committee (OPC) merges:</p> <ol style="list-style-type: none"> i. The role of the current Accreditation Committee ii. The non-finance aspects of the current Investment Committee (IC), and iii. The review of the IEU three-year rolling workplans and annual work programme by the current Risk Management Committee (RMC) <p>The terms of reference of the OPC are based on the terms of reference of the IC ((adopted by B.05/13(d), amended by B.32/09(b)) and on the terms of reference of the AC (adopted by B.07/02(h), amended by B.10/06(q))</p>	
<p>I. Role and functions</p> <ol style="list-style-type: none"> 1. The role of the <u>Operations and Portfolio Committee is to provide strategic recommendations to the Board on the Green Climate Fund's accreditation and investment- frameworks across the full project and activity cycle, ensuring that the Fund's approach to funding proposals, funded activities, Readiness activities, Project Preparation Facility and accredited entities are aligned with the Fund's objectives, results areas, social and environmental safeguards, and risk management framework. Investment Committee is to develop and review investment strategies and instruments and recommend their approval to the Board, in particular relating to the Private Sector Facility (PSF) and in accordance with the Fund's objectives and result areas, social and environmental safeguards and risk management framework.</u> 2. In fulfilling this role, the <u>Investment Operations and Portfolio Committee will:</u> 	<p>Para. 2 (c). Update.</p>



- a. Oversee the development and revision by the Secretariat of the Fund’s investment framework, consistent with applicable Board decisions B.05/17, for consideration by the Board;
- b. Review and make recommendations to the Board on implementing the investment strategy and financial instruments, including with regard to their supporting economically viable projects/programmes and alignment and compliance with the Fund’s objectives, social and environmental safeguards and risk management framework;
- c. Oversee and review periodic assessments by the Secretariat of the Fund’s portfolios to ensure consistency with the Fund’s investment strategy;
- d. Review and recommend for Board consideration proposed amendments to the Fund’s Board-adopted investment-related policies and documents and the use of various financial instruments; and
- ~~e. Consider any other investment related matters that the Board deems appropriate; Consider results and impact data, and lessons learned from pertinent evaluations;~~
- ~~f. Provide guidance on the development of policies and procedures for the Fund’s guiding framework for the accreditation process;~~
- ~~e.g. Provide policy guidance to the Accreditation Panel to facilitate the accreditation process without interfering with the technical assessments of the Panel.~~
- ~~f.h. The Investment Operations and Portfolio Committee will consider recommendations and advice provided to it by the Accreditation Panel. private Sector Advisory Group.~~

3. The Operations and Portfolio Committee will consider endorsement of the three-year rolling workplans and annual work programme of the Independent Evaluation Unit prior to their consideration by the Board.

Para.2(e): Standardization across all committee TORs. This paragraph is now paragraph 3 below. **New Para. 2(e): New mandate**

Para 2 (f): Mandate reallocation. This new paragraph (h) is copied entirely from the current terms of reference of the AC.

Para.2(g): Mandate reallocation. This new paragraph (g) is copied entirely from the current terms of reference of the AC.

Para.2(h): Update of committee name. **Mandate reallocation.** Addition of reference to the Accreditation Panel (AP) from the terms of reference of the AC. Removal of the reference to the PSAG in accordance with the proposal to disband it following the approval by the Board of the private sector strategy.



<p><u>3.4. The Operations and Portfolio Committee may consider any other matter referred to it by the Board.</u></p>	<p>Para. 2 (i)3: Mandate reallocation. The endorsement of the IEU workplan is reallocated from the current-Risk Management Committee (B.40/14(d)).</p> <p>Para. 3: Standardization across the TOR of all committees.</p>
<p>II. Membership</p> <p><u>4.5.</u> The <u>Investment Operations and Portfolio</u> Committee will comprise :</p> <ul style="list-style-type: none"> a. Three <u>Four</u> developing country Board members or alternate members; and b. Three <u>Four</u> developed country Board members or alternate members. <p><u>5.6.</u> The Executive Director <u>or their delegate</u> may attend the meetings of the <u>Investment Operations and Portfolio</u> Committee in an advisory capacity.</p> <p>6.7. Members of the Investment Committee will serve for an initial term of 18 months.</p>	<p>Paras. 4 and 5: Update: Consistent with the proposal made at B.43, this would give the Board flexibility to determine the size of any given committee based on workload and Board priorities. Membership could be adjusted at the start of each Board term, the calendar year, or as required, through Board decision to appoint new members, without changing the TORs.</p> <p>Para. 6: Update.</p> <p>Para. 7 : Update. The terms of committee membership for all Board committees is regulated in the overarching Board-approved Guidelines for the operation of Board committees (<u>B.40/03</u>). The decision which adopted the Guidelines stated that the TORs of committees were thereby updated to reflect the Guidelines.</p>



<p>III. Duration 7.8. The <u>Investment Operations and Portfolio</u> Committee will <u>is</u> be a standing committee of the Board. 8.9. <u>Three years following its establishment, the Board will evaluate the usefulness and continued necessity of the Committee.</u></p>	<p>Para. 7: Update for time and name</p> <p>Para. 8: Update. The review of committees and their terms of reference is regulated in the in the overarching Board-approved Guidelines for the operation of Board committees (<u>B.40/03</u>).</p>
<p>IV. Guidelines for operation 9.10. Provisions will be put into place to manage actual and potential conflicts of interest, <u>consistent with applicable Board decisions and policies.</u> 10. All members of the Committee should disclose any actual, potential or perceived conflict of interest in relation to any of the activities, discussions and recommendations of the Committee, which will be duly recorded. 11. Furthermore, at the time of appointment, all members of the Committee will sign the oath contained in the Appendix.</p>	<p>Para. 9: Standardization across all committees.</p> <p>Addition of a reference to the series of ethics and integrity policies that will apply to such situations. They were all adopted by the Board after the original committee TORs.</p> <p>Paras 10 and 11: Redundancy. Those two paragraphs featured in the TOR of the Accreditation Committee(AC) when the AC TOR were first adopted at B.05. However, at B.09 the Board adopted the Policy on Ethics and Conflict of Interest for the Board which covers all Board members, alternates and advisers and requires the signature of such declaration from all members of the Board.</p>
<p>Appendix</p>	<p>Appendix: Update. No longer needed as the Board has since adopted the Policy on Ethics and Conflict of Interest for the Board, which requires these declarations and disclosures to be made by all members of the Board in writing.</p>

Table 4:
Terms of reference of the Performance Oversight Committee of the Executive Director and Heads of Independent Units (POC)

<p style="text-align: center;">Terms of reference (adopted by B.21/13(b), amended by B.32/09(b))</p>	<p style="text-align: center;">Type of change /Rationale for the proposed change</p>
<p>Highlights:</p>	
<p>I. Role and functions</p> <p>1. The role of the Performance Oversight Committee of the Executive Director and Heads of Independent Units (“Committee”) is to assist the Board in discharging its responsibilities regarding t:</p> <p>The performance management of the Head of the Independent Evaluation Unit, the Head of the Independent Integrity Unit, the Head of the Independent Redress Mechanism and the Executive Director of the Secretariat of the Green Climate Fund (collectively referred to as “Board-Appointed<u>appointed</u> Officials”);</p> <p>2. In fulfilling the role set out in paragraph 1(a) above, the Committee will <u>perform functions consistent with decisions of the Board on performance evaluation for Board-appointed officials, including, but not limited to:</u></p> <p>(a) <u>Setting</u> the objectives of Board-Appointed<u>appointed</u> Officials;</p> <p>Develop a procedure for performance review of Board-Appointed Officials by the Committee;</p> <p><u>(b) _____ Monitoring</u> the performance of Board-Appointed Officials;</p> <p>(b)(c) _____ Evaluating the performance of the Board-appointed officials</p> <p><u>(d) _____ Make</u> recommendations to the Board regarding the performance reviews of Board-Appointed Officials;</p> <p><u>(e) _____ Making recommendations to the Board with respect to appointment renewal, and</u></p>	<p>Para. 1: Editorial change.</p> <p>Para. 2: Streamlined text. The POC has functions relating to a cluster of evaluation matters, including with respect to performance-related pay.</p> <p>Para. 2(b): Obsolete and deleted because the procedure was developed and already approved by the Board (B.BM-2021/04).</p> <p>Paras. 2 (c), (d), (e): Updates which complete the TOR with the relevant provisions from the Board-approved performance system for Board-appointed officials (B.BM-2021/04).</p>

<p><u>f. Reviewing the Terms of Reference of Board-appointed officials prior to their renewal of appointment being considered by the Board.</u></p> <p>(e)(f) Make recommendations to the Board regarding performance-based increment increases in payment for Board Appointed Officials, in consultation with the Board's Budget Committee</p> <p>3. Consider any other matters related to the performance of Board-Appointed appointed Officials that the Board deems appropriate.</p> <p>3.4. The Committee will co-ordinate with the Budgetary Committee on budgetary issues relating to Board Appointed Officials.</p>	<p>Para. 2 (f): Clarification on the timing of the mandate to review the terms of reference of Board-appointed officials, and to make recommendations, if any, to the Board. The TORs of Board-appointed officials are all approved by the Board.</p> <p>Para. 2 (f): Obsolete and therefore because the Board delegated this responsibility to the POC a few years after establishing it, through decision B.BM-2021/04.</p> <p>Para 4: Obsolete and therefore deleted because the authority has been delegated to the POC through decision B.BM-2021/04. In addition, the draft Budget Committee TORs clarify that the BC will coordinate with all other committees, as necessary, when Board decisions have involved other committees in matters with budgetary implications.</p>
<p>II. Membership</p> <p>4. The Committee will comprise:</p> <p>(a) Current Co-Chairs of the Board</p> <p>(b) One Board member from developing country Parties; and</p> <p>(c) One Board member from developed country Parties.</p> <p>5. Members of the Committee will serve for a term of three years, aligned with the term of the Board membership with the exception of Co-Chairs who will serve on the Committee during their one-year Co-Chair term.</p>	<p>No change</p>
<p>III. Duration</p> <p>6. The Committee will<u>is</u> be a standing committee of the Board.</p> <p>7. Three years following its establishment, the Board will evaluate the usefulness and continued necessity of the Committee.</p>	<p>Para. 6: Update.</p>



	<p>Para. 7: Update. The review of committees and their terms of reference is regulated in the in the overarching Board-approved Guidelines for the operation of Board committees (B.40/03).</p>
<p>IV. Guidelines for operation</p> <p>9. — The General guidelines for operation of the Committee will apply to the conduct of business of the Committee, except as set out in these terms of reference or decided by the Board.</p> <p>10.9. Provisions will be put in place to manage actual and potential conflicts of interest, <u>consistent with applicable Board decisions and policies.</u></p>	<p>Para. 9: Update. The Board-approved Guidelines for the operation of Board committees apply to all standing Board committees (B.40/03).</p> <p>Para 9: Addition of a reference to the series of ethics and integrity policies that will apply to such situations.</p>

Table 5: Terms of reference of the Risk and Finance Committee

Terms of reference	Type of change /Rationale for the proposed change
<p>Highlights: This new Risk and Finance Committee (RFC) merges:</p> <ul style="list-style-type: none"> (i) The role of the current Risk Management Committee (RMC) (ii) Finance aspects of the current Investment Committee, and (iii) External financial audit from the current Ethics and Audit Committee (EAC). <p>The terms of reference of the RFC are based on the terms of reference of the RMC (adopted by B.05/13(b), amended by B.32/09(b))</p>	
<p>I. Role and functions</p> <p>1. The role of the Risk Management Committee is to ensure the development of an appropriate risk management framework for the Fund, enabling the Fund to exert due diligence and manage its risks prudently. The mandate of the Risk and Finance Committee is to support the Board in exercising oversight over the Fund's- financial management, and prudent risk governance, by overseeing the Fund's financial frameworks, financial and non-financial risk management framework, and by monitoring alignment with that framework.that framework</p> <p>32. In fulfilling this role, the Risk and Finance -Committee will:</p> <ul style="list-style-type: none"> a) Oversee the development and implementation and management by the Secretariat of a financial risk management framework, consistent with decision B.05/17. In a second stage, oversee the development and implementation of a risk management framework that covers other types of risks to the Fund. Thise will enable the Fund, including its Private Sector Facility (PSF), to systematically identify risks, contextualize them and manage them appropriately; b) Oversee and review a register of strategic risks across the Fund; 	<p>Para. 1 Update: This paragraph has been updated to reflect the natural evolution of the risk mandate (i.e., away from the “development” of risk framework and towards the exercise of overall oversight) and to welcome the new financial functions.</p> <p>Para. 2 Update: This paragraph has been updated to reflect the natural evolution of the mandate (from “development” towards “implementation and review”) and to remove obsolete mandates</p>



- c) Monitor the management by the Secretariat of the Fund’s overall risk profile, including the PSF, to confirm that the Fund is operating within Board-approved risk limits;
- d) Review and provide recommendations on periodic risk management reports and/or notification of material breaches of risk limits or procedures, as provided by the Secretariat;
- e) Review and provide recommendations on independent evaluations of the implementation of sound risk management practices by the Fund;
- f) Support the Executive Director in ensuring the continuous development of a risk- and compliance-aware culture in the Fund;
and
- ~~g) Consider any other risk-related matters the Board deems appropriate.~~
- ~~h) Provide advice to the Board on strategic matters relating to financial reporting and audit requirements for the Fund; Review and make recommendations to the Board on audits of the administrative budget, as necessary; Review and make recommendations to the Board on external audit reports;~~
- ~~i) Provide guidance on any proposed amendments to the trustee arrangements prior to Board consideration and~~
- ~~g)j) Make recommendations related to the risks related to the Fund’s use of financial instruments.~~

3. The Risk ~~Management and Finance~~ Committee will consider recommendations and advice provided to it by ~~the Private Sector Advisory Group and the Investment Committee Operations and Portfolio Committee.~~

4. The Risk and Finance Committee may consider any other matter referred to it by the Board.

Para. 2 (g): Standardization across all committee TORs. This paragraph is now paragraph 4 below.

Para. 2 (h): Mandate reallocation. This new paragraph (h) is from the current terms of reference of the EAC.

Para. 2(i): New mandate proposed to provide a committee review prior to consideration by the Board.

Para. 2 (j): Mandate reallocation. This new paragraph (j) is copied from the current terms of reference of the IC and edited to focus on the risks related to the use of financial instruments. Note that the overall responsibility regarding financial instruments remains with the OPC (which absorbed the IC).

Para. 3: Update for names and removal of the reference to the PSAG in accordance with the proposal to disband it following the approval by the Board of the private sector strategy. .



	<p>Para. 4: Standardization across the TOR of all committees.</p>
<p>II. Membership</p> <p>4. The Risk Management and Finance Committee will comprise (a) Three-Four developing country Board members or alternate members; and (b) Three-Four developed country Board members or alternate members.</p> <p>56. The Executive Director <u>or their representative</u> may attend the meetings of the Risk Management and Finance Committee in an advisory capacity.</p> <p>6-7. Members of the Risk Management Committee will serve for an initial term of 18 months.</p>	<p>Para. 4: Update. Consistent with the proposal made at B.43, the size of this new committee is proposed to be larger due to the size of its portfolio.</p> <p>Para. 6: Update.</p> <p>Para. 7: Update. The term of committee membership for all Board committees is regulated in the overarching Board-approved Guidelines for the operation of Board Committees (B.40/03). The decision which adopted the Guidelines specifically stated that the TORs of committees were thereby updated to reflect the Guidelines.</p>
<p>III. Duration</p> <p>7. The Risk Management and Finance Committee will be a standing committee of the Board.</p> <p>8. Three years following its establishment, the Board will evaluate the usefulness and continued necessity of the Committee.</p>	<p>Para. 7: Update</p> <p>Para. 8: Redundancy. The periodic review of Board committees and their terms of reference is covered in the overarching Board-approved Guidelines for the operation of Board Committees (B.40/03).</p>
<p>IV. Guidelines for operation</p> <p>9. Provisions will be put into place to manage actual and potential conflicts of interest, <u>consistent with applicable Board decisions and policies.</u></p>	<p>Para. 9: Addition of a reference to the series of ethics and integrity policies that will apply to such situations. They were all adopted by the Board after the original committee TORs.</p>

Annex III: Draft General guidelines for the operation of Board committees

I. Objective and scope

1. The Governing Instrument of the GCF (the “Governing Instrument”), paragraph 18 (g), provides that the Board will establish subcommittees, panels and define their terms of reference, as appropriate.
2. Pursuant to paragraphs 30 and 31 of the Rules of Procedure of the Board (the “Rules of Procedure”), the Board of the Green Climate Fund establishes committees, panels and groups of the Board as may be required for the conduct of business. Committees shall assist the Board in its decision-making and shall exercise any delegated authority under the overall authority and direction of the Board, which may revoke such delegated authority under the same procedures in place for the original delegation of authority.
3. Pursuant to paragraph 1 of the Rules of Procedure, except as decided otherwise by the Board, the Rules of Procedure apply *mutatis mutandis* to committees and subcommittees, panels and working groups established by the Board.
4. The purpose of these guidelines is to elaborate the general guidelines to guide the conduct of business of Board committees and subcommittees. The Board may deviate from these guidelines in the terms of reference of the committees. In case of differences between these guidelines and the terms of reference of committees, the terms of reference will prevail.
5. These guidelines will not apply to ad hoc committees established by the Board, unless otherwise decided by the Board.

II. Guidelines for the operation of Board committees

2.1 Membership

6. Committees will comprise Board members and alternate members (Committee members), in accordance with paragraph 30 of the Rules of Procedure of the Board.
7. Committees will consist of an even number of Committee members from developing countries and developed countries, with a minimum of four and a maximum of ~~six~~ eight committee members. At the beginning of each term of Board membership, the Co-Chairs will propose the size of each committee, taking into consideration elements such as anticipated workload. Upon appointment of their members, committee terms of reference will be updated accordingly to reflect the Board-agreed size.
8. Committee members will be appointed by the Board, with due consideration given to gender balance, in line with paragraph 11 of the Governing Instrument. If a Committee member is unable to participate in a Committee meeting, that member may be represented by his/her Board member or Alternate Board member (depending on the status of the corresponding Committee member) for that meeting. If a Board member or an Alternate Board member who is a Committee member is replaced on the Board, that replacement will also be applicable in committees to the extent that the replacement to the Board seat is notified pursuant to paragraph 5 of the Rules of Procedure, and unless the notification provided pursuant to paragraph 6 of the Rules of Procedure specifies otherwise.
9. Committee membership term will be for three years, aligned with the term of Board membership.

10. If a Committee member is unable to carry out her or his functions, or ceases to be a **€**Committee member, a new committee member will be appointed by the Board for the remainder of the original **€**Committee member's term.

2.2 Chairing arrangements

11. Each **€**Committee will elect a Chair from amongst its members.

12. Committee Chairs will serve for a term of 18 months aligned with the term of Board membership.

13. The Chair of a Committee shall alternate between Developed and Developing country members. Due consideration should be given to gender and regional balance among Committee Chairs.

14. Committee Chairs will convene, set agendas for, and facilitate committee meetings with the support of the Secretariat and in accordance with the terms of reference of each Committee as well as additional mandates provided by the Board, and report back to the Board on behalf of the Committee.

15. If the Chair is not able to carry out her or his functions or ceases to be a committee member before their term is complete, a new Chair will be elected by the Committee, from amongst the Committee members, for the remainder of the term.

2.3 Accountability

16. Committees operate under the overall authority and direction of the Board.

17. Committees shall at each meeting report to the Board on their activities including on the status of implementation of their workplans and on Board mandates to the committees within timelines specified in the respective committees' annual workplans.

18. The Board may in its guidance to Committees delegate authority to committees, in accordance with paragraph 31 of the Rules of Procedure.

2.4 Terms of reference

19. The Board adopts terms of reference of each committee. Committees should review their Terms of reference at least every 4 years, with any updates or revisions submitted to the Board for approval, upon adoption of the four-year Board workplan at the start of a programming cycle.

20. The Board, in adopting Committee terms of reference, shall specify whether the committee is a standing committee or an ad hoc committee.

21. In addition to the mandates specified in the terms of each Committee, Committees may be mandated by the Board to perform specific functions to support the Board in its decision-making.

2.5 Operating procedure

22. Committees will present their workplans to the Board at the first Board meeting of each year. The workplans shall derive from the four-year Board workplan and GCF Strategic Plan, as well as Committees' Terms of Reference and mandates given by the Board. These workplans will be updated on a rolling basis and will include timelines for the development of those items,

in order to ensure that the Board can consider them in due time, as scheduled in the four-year Board workplan.

23. Committees will seek to develop their recommendations in an open, inclusive, consultative and transparent manner, underscoring the importance of consulting the Board.

24. In the event that the Committee is unable to reach a consensus on a recommendation or decision, the Committee Chair shall report the members' diverse views to the next meeting of the Board.

25. Committees will convene their meetings as determined by the Committee led by the committee Chair with the support of the Secretariat. Meetings shall be held regularly, at least once between each Board meeting.

26. For committees of six members or less, a two-thirds majority of Committee members must be present at a Committee meeting to constitute a quorum. For committees of eight members, one-half of Committee members with representation from both the developed countries and developing countries must be present at a Committee meeting to constitute a quorum. Committee can take decisions, including to elect a new Chair provided there is quorum. The existence of a quorum will be verified by the Committee Chair at the beginning of the meeting.

27. Committee Chairs will at the end of each meeting recap verbally the summary of decisions reached during the meeting to be recorded by the Secretariat and later circulated to the Committee as part of the meeting report.

28. Committee Chairs may request, in consultation with other committee members, assistance and/or advice from experts or other third parties in the performance of their functions, in accordance with the relevant rules and procedures of the Fund.

29. Committee members, alternate Committee members (either the Board member or the alternate), and up to two advisors per Committee member may attend Committee meetings. Essential Secretariat staff and, upon invitation by the committee Chair, and on a case-by-case basis, members of the Independent Units or other stakeholders, may also attend Committee meetings. All Committee meetings are open to all Board members, all alternate Board members and one ~~advisor~~ ~~advisor~~ per seat to observe, whether in person or when feasible, virtually, unless the Chair, after consultation with Committee members, decides to address a specific agenda item of a confidential nature in a closed session with Committee members, their designated ~~advisor~~ ~~advisor~~(s) that have signed the ethics Declaration of Impartiality and Confidentiality, and essential Secretariat staff, only.

30. All Board members, alternate Board members and advisors shall have access to all Committee documents and information except for information of a confidential nature, such as that related to individual employees, Board members, alternate members and ~~advisors~~ ~~advisors~~, Secretariat personnel, or third parties. All Board Members and alternate Board members may provide comments on Committee documents through a Committee member for the Committee's consideration.

31. A committee member who is unable to participate in committee meetings, including virtual meetings, more than two times consecutively and was not represented by their Board Member or Alternate (depending on the status of the corresponding Committee members) will cease to be a Committee member.

2.6 Role of the Secretariat

32. The Secretariat will coordinate and support the work of committees, as needed, including drafting and submission of documents for consideration by committees, in coordination with the relevant Independent Units where appropriate.
33. The Secretariat will appoint one qualified officer per committee as Secretariat focal point for that committee.
34. The Secretariat's committee focal point will provide secretarial assistance and support to the work of the committee, attend its meetings and assist the Chair in preparing, facilitating and coordinating the committee's work and meetings. The Focal Point will be responsible for providing Committee members with proposed meeting dates and times at least 3 weeks prior to the Committee meeting and distribute documents to be discussed at least 5 business days prior to the Committee meeting. Exceptions can be allowed for urgent matters.
35. The Focal Point will be subject to the guidance of the relevant Committee Chair and will be responsive to the tasks assigned to her/him by the committee.
36. The Focal Point will be responsible for producing written reports of committee meetings to be approved by the Committee members. Report of committee proceedings will include, at a minimum: list of participants, agenda of the meeting, meeting minutes including the decisions reached before the meeting, and the date of next meeting.

III. Implementation arrangements

37. These guidelines will come into effect upon adoption by the Board.
38. The Secretariat will support the Committees to implement these guidelines in their conduct. This will include the developments of reporting templates for committee meetings and committee reports to Board meetings, the development of committee workplans aligned to the four-year Board workplan.
39. To ensure transparency, an overview of the committee structure and committee membership as well as Secretariat Focal Points will be made available on the GCF website and updated regularly.

IV. Monitoring and review

40. The Co-Chairs will bring to the attention of the Board issues arising out of the implementation of these guidelines and may make recommendations to the Board. The Board will be responsible for the review of these guidelines.

Annex IV: Mapping of Board decisions

1.1 Risk and Finance Committee mandates

1.1.1. Risk Management Framework and related

1. Except where otherwise indicated in this document, all existing mandates of the “Risk Management Committee” will be read as incumbent on the Risk and Finance Committee.

1.1.2. Mandates pertaining to external audit and the external auditor

2. With respect to the selection, nomination, evaluation and renewal of the External Auditor, as well as the performance of its functions and reporting lines, the following mandates are reallocated, as follows.

- (a) Terms of reference of the External Auditor (Decision [B.08/18](#), [Annex XXVII](#) and Decision [B.37/02\(b\)](#), [Annex II](#)). Where the terms of reference of the External Auditor mention “Ethics and Audit Committee”, mandates are to be read as incumbent on the Risk and Finance Committee.
- (b) Recommendation to the Board on the appointment of an External Auditor to audit the annual financial statements of the Fund (Decision [B.06/03](#), and [Annex I](#)). Where the terms of reference of the External Auditor mention “Ethics and Audit Committee”, mandates are to be read as incumbent on the Risk and Finance Committee, except in paragraph 70, which will be read as presented in Table 1 below:

Table 1

Paragraph 70: Current language	New reading
<i>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.</i>	<i>70. The Ethics and AuditRisk and Finance 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 and Finance Committee directly, as appropriate, and will endeavour to consult the Executive Director, as appropriate, during the audit operations.</i>

1.2 Operations and Portfolio Committee mandates

1.2.3. Accreditation-related mandates

3. Where the following Board decisions mention “Accreditation Committee”, mandates are to be read as incumbent on the Operations and Portfolio Committee (OPC).

- (a) Changes to the screening requirements (Decision B.42/13(g) “Accreditation Matters”)
- (b) Review of the objectives, role, structure, governance and operational modalities of the Accreditation Panel in supporting Board decision-making under the revised Accreditation Framework (Decision B.42/13(q) “Accreditation Matters”)

(c) Selection of the members of the Accreditation Panel (Decision B.39/05, Annex I terms of Reference of the Accreditation Panel)

(d) Fiduciary standards (Decisions B.14/01(f) and B.23/15)b))

1.2.4. Mandates pertaining to investment framework and related

4. Where the following Board decisions regarding the GCF investment framework and financial instruments mention “Investment Committee”, mandates are to be read as incumbent on the Operations and Portfolio Committee.

(a) GCF investment framework (Decision [B.39/17\(c\)](#) “Independent evaluation of GCF’s Investment Framework”).

(b) Financial instruments (Decision [B.33/14\(d\)](#) “Second review of the GCF’s financial terms and conditions”

(c) Policy on concessionality (Decision [B.33/14\(b\)](#) “Second review of the GCF’s financial terms and conditions”)

1.2.5. Review of the independent Technical Advisory Panel

5. Where the following Board decisions regarding the review of the independent Technical Advisory Panel mention “Investment Committee”, mandates are to be read as incumbent on the Operations and Portfolio Committee (OPC).

(a) Decision [B.40/04](#) “Reports from Board committees, panels and groups”

(b) Decision [B.39/04](#) “Reports from Board committees, panels and groups”

(c) Decision [B.28/03\(d\)](#) “Review of the structure and operations of the independent Technical Advisory Panel”

1.2.6. Mandates pertaining to the Independent Evaluation Unit

6. Regarding the endorsement of the three-year rolling workplans and annual work programme of the Independent Evaluation Unit prior to consideration by the Board, “Risk Management Committee” is to be read as “Operations and Portfolio Committee” (Decision [B.40/14\(e\)](#) “Work programmes and budgets of the independent units for 2025–2027”).

7. Regarding the provision of “Supervisor” role for the performance evaluation of the Head of the Independent Evaluation Unit, the role of the Co-Chairs will be replaced by “two Representatives (both developed and developing country constituencies) of the Operations and Portfolio Committee (OPC) will assume the Supervisor role for the Head of the Independent Evaluation Unit (IEU).” (Decision [B.BM-2020/04, Annex II](#) “Performance Evaluation System for Board-Appointed Officials”, at paragraph 5). For exact wording, see Table 2.

Table 2: Performance Evaluation System for Board-appointed officials ([B.BM-2021/04, Annex II](#))

Paragraph 5: Current language	New reading
To effectively manage the performance of Board-Appointed Officials and support the implementation of the methodology and processes set forward in this document, the creation of a Supervisor role is needed. As Board-Appointed Officials report to various Committees and Board Members for the execution of their work, the POC would	To effectively manage the performance of Board-Appointed Officials and support the implementation of the methodology and processes set forward in this document, the creation of a Supervisor role is needed. As Board-Appointed Officials report to various Committees and Board Members for the execution of their work, the POC would

<p>benefit from nominating “supervisors” who will ensure ongoing communication and feedback, and who would support an effective performance evaluation system for Board-Appointed Officials. Looking at the existing relationships between incumbents and the Board, the Co-Chairs will assume the supervisor role for the Executive Director (ED) and Head of the Independent Evaluation Unit while 2 Representatives (both developed and developing country constituencies) of the Ethics and Audit Committee (EAC) will assume the Supervisor role for the Heads of the Independent Integrity Unit (IIU) and Independent Redress Mechanism (IRM). The Supervisor(s) will therefore assist the POC in monitoring performance of the ED and the Heads.</p>	<p>benefit from nominating “supervisors” who will ensure ongoing communication and feedback, and who would support an effective performance evaluation system for Board-Appointed Officials. Looking at the existing relationships between incumbents and the Board, the Co-Chairs will assume the supervisor role for the Executive Director (ED) and Head of the Independent Evaluation Unit while Two 2 Representatives (both developed and developing country constituencies) of the Ethics and Audit Committee (EAC) will assume the Supervisor role for the Heads of the Independent Integrity Unit (IIU) and Independent Redress Mechanism (IRM) <u>and 2 Representatives (both developed and developing country constituencies) of the Operations and Portfolio Committee (OPC) will assume the Supervisor role for the Head of the Independent Evaluation Unit (IEU)</u>. The Supervisor(s) will therefore assist the POC in monitoring performance of the ED and the Heads.</p>
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1.3 Mandates relating to foreign exchange management

1.3.1 Hedging

8. No change to hedging mandates where references to “Budget Committee” and “Risk Management Committee” will read, respectively, “Budget Committee” and “Risk and Finance Committee” (See Decisions B.34/22 (e) and (f)), B.19/04(a)(iii)).

1.3.2 Foreign Exchange management framework / Local currency

9. The allocation of mandates contained in decisions B.39/03 and B.36/16 have been described in Tables 3 and 4 below.

Table 3: Local currency / Foreign exchange management framework (Decision B.39/03)

Current language	New reading
<p>The Board: <i>a. Recalls</i> decision B.36/16, which requested the Secretariat to develop, under the guidance of the Investment Committee, a framework that specifically addresses the scope and criteria for local currency financing pilot projects, with particular attention to, inter alia, additionality, direct access entity eligibility, implications to the GCF balance sheet and commitment authority, and cost of all-in concessionality</p>	<p>“Investment Committee” to read “Operations and Portfolio Committee, in consultation with the Risk and Finance Committee”</p>

<p>for each project/programme utilizing local currency financing;</p>	
<p><i>b. Takes note</i> of the progress made by the Investment Committee and the Secretariat in developing a framework addressing the scope and criteria for local currency financing, particularly the focus of the Investment Committee on understanding the GCF's existing GCF/B.39/19 Page 4 foreign exchange exposure and the range of foreign exchange risk mitigation instruments including hedged and unhedged options;</p>	<p>n/a</p>
<p><i>c. Also takes</i> note of the need to strengthen the risk management capacity and internal treasury function of the GCF in order to implement a Foreign Exchange Management Framework for its financing to developing countries;</p>	
<p><i>d. Requests</i> the Secretariat to undertake further analysis and report to the Investment Committee on:</p> <ul style="list-style-type: none"> i. The GCF's existing foreign exchange exposure in its financing to developing countries; ii. The risks and costs of different foreign exchange risk mitigation instruments and their likely implications on the design of such instruments, taking into account potential impacts on end beneficiaries of GCF financing, including hedged and unhedged options; and iii. The progress of strengthening GCF's risk management regarding foreign exchange exposure; and 	<p>"Investment Committee" to read "Risk and Finance Committee"</p>
<p><i>e. Also requests</i> the Secretariat, under the guidance of the Investment Committee, to develop a Foreign Exchange Management Framework for its financing to developing countries, cognizant of the work of the Risk Management Committee on foreign exchange risk and the need to ensure impactful investment across different regions, for consideration by the Board at its forty-first meeting.</p>	<p>"Investment Committee" to read "Operations and Portfolio Committee, in consultation with the Risk and Finance Committee"</p> <p>"Risk Management Committee" to read "Risk and Finance Committee"</p>

Table 4: Local currency financing pilot programme (Decision [B.36/16](#))

Current language	New reading
The Board, having considered document GCF/B.36/16 titled “Consideration for a Local Currency Financing Pilot Program”:	
a. Takes note of the ongoing work by the Secretariat and the Investment Committee, as well as comments by Board members at the thirty-sixth meeting of the Board, to develop a local currency financing pilot programme that addresses current barriers and risks associated with currency fluctuations at the programme/project level as mandated by decision B.33/14;	“Investment Committee” to read “Operations and Portfolio Committee”
<i>b. Also takes note</i> of the approaches listed in annex V that can be used to support local currency financing;	
<i>c. Requests</i> the Secretariat to develop, under the guidance of the Investment Committee, a framework that specifically addresses the scope and criteria for local currency financing pilot projects, with particular attention to, inter alia, additionality, direct access entity eligibility, implications to the GCF balance sheet and commitment authority, and cost of all-in concessionality for each project/programme utilizing local currency financing, and to provide the framework for consideration by the Board at its thirty-seventh meeting;	“Investment Committee” to read “Operations and Portfolio Committee, in consultation with the Risk and Finance Committee”
<i>d. Also requests</i> the Secretariat to continue to explore, under the guidance of the Investment Committee, financing approaches under “Approach B” for local currency financing as set out in annex V, taking into account the framework developed under paragraph (c), for consideration by the Board at its thirty-seventh meeting;	“Investment Committee” to read “Operations and Portfolio Committee, in consultation with the Risk and Finance Committee”
<i>e. Reaffirms</i> decision B.34/22, paragraph (e), pursuant to which the Secretariat is requested, in consultation with the Budget Committee with respect to any related budgetary implications, to explore the mitigation of the wider emerging financial risks outlined in section II of document GCF/B.34/13 and to present to the Board any recommended action for its consideration; and	Budget Committee: No change
<i>f. Requests</i> the Secretariat, in consultation with the Budget Committee with respect to any related budgetary implications, to	Budget Committee: No change



<p>explore the wider application of decision B.19/04, paragraph (a) (iii), on the foreign exchange commitment risk buffer to allow it to be used to support margin calls on the Fund in connection with the deployment of the local currency financing approaches set out in annex V, with a view to the Investment Committee and, if applicable, the Risk Management Committee, making a recommendation to the Board for its consideration no later than its thirty-ninth meeting.</p>	<p>“Investment Committee” to read “Risk and Finance Committee, in consultation with the Investment Committee”</p> <p>“Risk Management Committee” to read “Risk and Finance Committee”</p>
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