

# TRANSITIONAL COMMITTEE

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## **Workstream III** Report of the Co-Facilitators

Tokyo, Japan, 13-14 July 2011



## WSIII Documents Prepared for TC2

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### III.1: Finance Entry Points

- [Scoping Paper](#) (TC2/WSIII/1)

### III.2: Managing Finance, including thematic funding windows

- [Background Note](#) (TC2/WSIII/3)

### III.3: Accessing Finance

- [Scoping Paper](#) (TC2/WSIII/2)
- [Background Note: Further information on financing instruments](#) (TC2/WSIII/4)
- [Background Note: Direct Access](#) (TC2/WSIII/5)

***Notes based on submissions from TC members and observer organisations***

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## Key Issues under Workstream III

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### III.1: Finance Entry Points: Areas of Potential Convergence

- The GCF needs to be equipped to handle a **broad range of possible financing sources**.
- Two broad categories of finance: **government** contributions and **non-government** contributions/sources.
- There could be two main means of mobilising contributions: a **replenishment cycle** (relevant to government contributions) and a system of **continuous inputs** (relevant to all contributions).
- It will be important for the GCF to mobilise and leverage private sector resources. To explore this, the TC could agree a **strategy/platform to engage the private sector**.
- Least developed countries (LDCs) and small island developing states (SIDS) face particular **challenges in attracting private finance**.
- Private sector finance, both at the **national and international level**, can be leveraged by the GCF through the provision of incentives that lower risk and mobilise the private sector to generate climate finance.



## Key Issues under Workstream III

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### III.2: Managing Finance / Thematic Funding Windows

- The GCF will have a number of thematic funding windows
- An initial set of windows could be established with the Board able to review and create further windows in the future
- Thematic funding windows could be organized by scope (e.g. adaptation, mitigation, REDD+), geographic/economic grouping (e.g. SIDS and/or LDCs), type of funding/access (e.g. a private sector window and a direct access window), or some combination of these.
- Initial windows could be Adaptation and Mitigation
- There are also cross-cutting themes between windows



## Key Issues under Workstream III

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### III.3: Accessing Finance: Areas of potential convergence

- The GCF should use a **range of instruments to disburse finance** to ensure delivery of finance at scale and across a range of activity types.
- Grants should have a prominent role** within the range of instruments used by the GCF to disburse finance, but **the GCF could also use non-grant financing** instruments to finance identified activities.
- The GCF's access modalities should promote wide and equitable access to the GCF. **A range of access modalities should therefore be available simultaneously.**
- The GCF's access modalities could consider **expanding the range of entities** that have to date been able to access financing through other funds.
- Sound fiduciary management and functioning**, robust institutions are prerequisites to the integrity of the GCF's access modalities, including direct access
- Use of **country systems and institutional arrangements** are important for the effective and equitable delivery of GCF resources. National climate and development plans could play a role within the GCF to ensure its activities are country-driven



## Key Issues for Discussion

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- Moving toward agreement on the **types of financing inputs** to the Fund and the institutional implications of this
- Moving toward agreement on **the process for raising funds**
- The thematic funding **windows**
- Moving toward agreement on the broad elements of the **access modalities** for the GCF
- Agreeing on an approach to crowd in the **private sector**

