

Japan's input to Non-paper No. 34, "Revised annex IV to document FCCC/AWGLCA/2009/INF.2"

Japan would like to ask the Chair of the AWG-LCA to consider adding a new option to the section of "6. [Institutional arrangements, including funds][Institutional structure]" as indicated below.

-----

Option X<sup>1</sup>

Climate Change Funds, Adaptation Fund, and Green Enabling Environment Funds shall be established. (a) Climate Change Funds is to finance implementations of mitigation and adaptation activities, programmes and measures, (b) Adaptation Fund is to finance implementations of adaptation projects and programmes in the most vulnerable developing countries, and (c) Green Enabling Environment Funds is to finance enabling environment and capacity building activities. The Conference of Parties (COP) shall give guidance to the operating entities of these funds. Each operating entity shall provide regular reports on, inter alia, (a) its funding operations, in a measurable, reportable and verifiable (MRV) manner, and (b) the status of pledges and contributions from country Parties, to the COP for review. Matching mechanism of finance, matching mechanism of technology, and rules on MRV shall also be elaborated.

-----

---

<sup>1</sup> The complete proposal is included in annex X.

Annex X

(Financial Mechanism of the Convention)

1. The Parties decide that Climate Change Funds, Adaptation Fund, and Green Enabling Environment Funds shall be established:

(Climate Change Funds)

- (a) To finance implementations of activities, programmes and measures on mitigation and adaptation;
- (b) To be administered by the World Bank;
- (c) To accept voluntary contributions, based on single- or multi-year pledges, as appropriate;

(Adaptation Fund)

- (a) To finance implementations of adaptation projects and programmes in the most vulnerable developing countries, *inter alia*, the least developed countries (LDCs) and small island developing countries;
- (b) To provide full-cost funding, if considered appropriate by an administering body, for the activities included in the submitted national adaptation programmes of action (NAPA);
- (c) To be administered by an appropriate entity, taking into account the current practices of the Adaptation Fund under the Kyoto Protocol;
- (d) To be financed from the share of proceeds of credits to be generated from [clean development mechanism project activities][flexibility mechanisms], combined with voluntary contributions by Parties;

(Green Enabling Environment Funds)

- (a) To finance assistance for developing country Parties in enabling environment and capacity building activities, including, (a) preparation of inventories and national communications, (b) preparation and update of national action plans on mitigation, (c) preparation and update of NAPA, and (d) enabling activities on REDD-plus;
- (b) In cooperation with relevant organizations, an existing institution shall establish a new program "Green Enabling Environment Funds", and integrate its relevant works to improve its speed and expertise of assistance to developing country Parties on creating enabling environment and capacity building;
- (c) Voluntary contributions shall be allowed from country Parties for specific thematic areas covered by the "Green Enabling Environment Funds" programme.

2. Climate Change Funds, Adaptation Fund and Green Enabling Environment Funds shall be established as operating entities of the financial mechanism of the Convention.

3. The Conference of the Parties (COP) shall give guidance to the operating entities of the funds listed in paragraph 1 above on their policies, programme priorities and eligibility criteria. Each operating entity shall provide regular reports on its funding operations, in a measurable, reportable and verifiable (MRV) manner, to the COP for review. In order to enhance predictability, the reports shall include the status of pledges and contributions from country Parties.
4. Following new mechanisms/rules shall also be elaborated:
  - (a) Matching Mechanism of Finance;
  - (b) Matching Mechanism of Technology;
  - (c) Rules on MRV.

(Matching Mechanism of Finance)

5. The Matching Mechanism will be designed so as:
6. To provide, upon request, advice to developing countries in enabling speedy access to appropriate sources of funding that matches the needs of developing countries;
  - (a) To benefit developing countries through improving, upon request, their applications and proposals to various financial institutions and funds;
  - (b) To offer information and data on financial resources and schemes by establishing a public database prepared by a coordinating entity of the Matching Mechanism.
7. The Matching Mechanism shall take form of a group which draws on expertise of such experts as in climate change finance registered at an appropriate institution functioning as a coordinating entity.
8. The Parties further request the coordinating entity to report on the activities annually to the COP.

(Matching Mechanism of Technology: Advisory Group for Technology Cooperation (AGTC))

9. *For the details of the AGTC, refer to paragraph 37 of Non-paper No.29 "Streamlined text and concepts contained within the reordering and consideration of text in the revised negotiating text (FCCC/AWGLCA/2009/INF.2, Annex V)"*

(Rules on MRV)

10. *In order to maximize the effectiveness of emission reduction, MRV rules should be developed (will be discussed in course of the discussions on mitigation action).*