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UNITED NATIONS FRAMEWORK CONVENTION ON CLIMATE CHANGE

**Ad Hoc Working Group on Long-term Cooperative Action  
under the Convention**

**Twelfth session**

**Tianjin, 4–9 October 2010**

Agenda item 3

**Preparation of an outcome to be presented to the Conference of the Parties  
for adoption at its sixteenth session to enable the full, effective and sustained  
implementation of the Convention through long-term cooperative action now,  
up to and beyond 2012**

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**Submissions from Parties**

**Addendum**

1. In addition to the submission contained in document FCCC/AWGLCA/2010/MISC.6, the secretariat has received five submissions on a new fund and a new body.
2. In accordance with the procedure for miscellaneous documents, these submissions are attached and reproduced\* in the language in which they were received and without formal editing. As requested by the Ad Hoc Working Group on Long-term Cooperative Action under the Convention, the submissions have also been posted on the UNFCCC website.<sup>1</sup>

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\* These submissions have been electronically imported in order to make them available on electronic systems, including the World Wide Web. The secretariat has made every effort to ensure the correct reproduction of the texts as submitted.

<sup>1</sup> <[http://unfccc.int/meetings/ad\\_hoc\\_working\\_groups/lca/items/4578.php](http://unfccc.int/meetings/ad_hoc_working_groups/lca/items/4578.php)>.

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6 October 2010, Tianjin, China

**Submission from Bangladesh to the Spin-off group under the Drafting Group on Finance, Technology and Capacity Building**

1. Given the short time remaining, it may not be possible to make the New Global Climate Fund operational in Cancun. But the decision establishing the Fund must be taken in Cancun.
2. Also a fully inclusive process has to be put in place in Cancun charged with the responsibility of taking all necessary steps to operationalize the Fund during the 17<sup>th</sup> CoP in South Africa.
3. Bangladesh supports setting up of an ‘Ad-hoc’ or ‘Standing Committee’ to spearhead the process of operationalizing the Fund. This Committee should be an internal body under the CoP, with equitable and balanced representation from all UN Country Groups, including the LDCs, SIDS and Africa.

A multidisciplinary ‘Expert Group’ may also be set-up to assist the committee. Again these Experts must be drawn from all the UN country groups to represent experiences in relation to diverse ground realities across the country groups. Gender representation may be kept in focus.

The committee will work out operational details of the Fund including funding sources and criteria, financial instruments, access modalities, which should be simplified and easy to put into practice.

4. Guidelines for use of the Fund should be spelt out. It should be made clear that adaptation should be appropriately emphasized along with mitigation. Technology transfer proposals should then reflect balanced emphasis on both adaptation and mitigation.

In all cases, countries most vulnerable to adverse impact of climate change and unable to bear the costs must be prioritized.

5. The working modalities of the committee should be adopted in Cancun, including, for example, reporting on the progress once or twice before CoP 17.
6. On governance of the Fund, Bangladesh strongly supports the establishment of a new Board under CoP with equitable and balanced representation from all UN country

groups. This Board will be responsible for the Fund management under guidelines provided by the CoP and will report to the CoP periodically.

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<b>Strawman<sup>1</sup> COP Decision on the Copenhagen Green Climate Fund (CGCF)</b>
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*The Conference of the Parties,*

1. *Decides* [to start the process for establishing] [to establish] the CGCF as an operating entity of the financial mechanism of the Convention, pursuant to article 11 of the Convention with a view to deciding on the establishment of the CGCF at COP 17.
2. *Decides* that the CGCF shall function under the guidance of, and be accountable to, the Conference of the Parties.
3. *Decides* that the CGCF shall be designed on the basis of the following principles:
  - a. the CGCF shall support projects, programmes, policies and other activities in developing countries.
  - b. The CGCF shall cover the following thematic areas: mitigation, REDD-plus, adaptation, capacity-building, technology development and transfer.
  - c. Access to the CGCF shall be country-driven, based on clear procedures and criteria. Where quality and fiduciary standards of the implementing/executing entities are guaranteed, modes of access may include:
    - i. facilitated access, i.e. through international organizations;
    - ii. direct access, i.e. through accredited national entities.
  - d. the CGCF should be complementary to existing institutions/ mechanisms and be able to offer a variety of financing tools, as appropriate,
  - e. The CGCF [should] [could] consist of different thematic windows.
4. *Decides* that the CGCF shall be designed also on the basis of the following elements:
  - a. the CGCF shall provide annual reports to the COP;

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<sup>1</sup> The EU distributed this text in the spin-off group on the new fund as a suggestion in order to move forward the discussion on the new fund. It does not necessarily reflect the full EU position.

- b. the CGCF shall be managed by a Board in a transparent, effective, efficient manner. The Board shall have equal representation between net contributors and net recipients.
  - c. the operations of the CGCF shall be supported by a secretariat,
  - d. the CGCF shall have a trustee complying with criteria for sound financial management and internationally accepted fiduciary standards, and invites the World Bank to serve as the trustee of the CGCF, subject to periodic review.
- 5. Decides to hereby establish an Ad Hoc Committee to design the CGCF on the basis of the principles set out above  
*(The EU is open to explore other options)*
- 6. *Invites/Requests* AI and NAI parties to designate x experts each, by a [date]. The nominees should have the necessary experience and skills to design the fund. The Ad-Hoc Committee will also include experts from climate finance institutions and the private sector.
- 7. *Invites/Requests* the Ad-Hoc Committee to include additional expertise when needed, e.g from financial institutions, including the MDBs, the private sector and civil society and will make use of experiences of other global funds.
- 8. *Requests* the Ad-Hoc Committee to present a progress report on its design proposal to SBI 34.
- 9. *Requests* the Ad-Hoc Committee to forward its final report and design proposals to COP-17 with a view to deciding [on the establishment and] the operating modalities of the CGCF.

Paper No. 3: Malawi on behalf of the Least Developed Countries

**LDC PROPOSAL FOR PROCESS TO ESTABLISH A NEW FUND**

**Submitted to the Secretariat and the Co-Facilitator, 8/10/10, 16.30 -18.00 hours 5<sup>th</sup> meeting**

The Least Developed Countries' Group submits that:

1. At COP16, a Global Climate Fund be established under the authority and guidance of and accountable to the COP. The Fund to highlight sources and scale
2. An adhoc Finance Committee be established at COP16 to commence and spearhead the process of operationalizing the Fund at COP17 with functions including but not limited to:
  - i. Modalities and guidelines to operationalize the Global Climate Fund
  - ii. Recommend to the COP the composition and criteria for membership to the Board at COP17
  - iii. Present progress reports as shall be determined by the COP and a report of their work at COP17
3. Thematic funding windows for adaptation, mitigation, capacity building, technology and REDD+ be created under the Fund
4. The Committee to have equitable and balanced representation taking into account gender consideration
5. A Fund Board be established at COP17 based on recommendations of the ad hoc Finance Committee
6. A Trustee for the Fund be selected through competitive bidding
7. On enhanced provision of finance:
  - Financial resources be scaled up, new, additional, adequate, predictable and sustainable
  - That the source of financial resources be from public sources of developed country Parties under the Convention
  - That the financial resources shall be directly accessed taking into account capacities of LDCs in this area
  - That allocation of financial resources be balanced between mitigation and adaptation taking into account situations of the most vulnerable countries as outlined under Article 4.8 of the Convention

Other observations on the Chair's paper of 8 October 2010@ 10.00 version

1. Paper to highlight sources and scale of the funds
2. LDCs are a bit lost on paragraph 4 bullet 2 as to whether we do not have criteria for funding projects already under the Convention?
3. In paragraph 4 bullet 6, who is leading who in the process? We feel it is the beneficiary countries themselves to take the lead.
4. Paragraph 11 to read: The elements of the Fund shall be incorporated in a legally binding outcome in the future

**ELEMENTS OF A DRAFT DECISION ON THE NEW FUND/FINANCIAL MECHANISM**

*The Conference of the Parties at its 16th Session,*

*Recalling* Article 4 and Article 11 of the Convention ;

Recalling also the Bali Action Plan which called for enabling the full, effective and sustained implementation of the Convention through long-term cooperative action, now, up to and beyond 2012 ;

*Decides*

1. to/shall be establish (ed) the XX Fund under the Convention. The XX Fund shall:
  - a. Channel financial resources to developing country Parties to enable and support enhanced action on mitigation, adaptation capacity-building and technology development and transfer in accordance with Article 4 of the Convention;
  - b. Have thematic windows;
  - c. Be governed by a Board comprising XX members (and Alternates) elected by the COP at its 17th session.
  - d. Have an equitable and balanced representation;
  - e. Have (name as)/ a trustee and a dedicated/contracted secretariat;<sup>1</sup>
  - f. Be a/the operating entity of the Convention/have a Board which will serve as an/the operating entity of the Convention;
2. to establish a Standing/Adhoc Committee on Finance comprising XX members<sup>2</sup> from the parties to provide regular support to the COP in exercising its functions with respect to the Financial Mechanism of the UNFCCC. The Standing/Adhoc Committee on Finance shall by the 17th Session of the COP :
  - a. Make arrangements to operationalize the XX Fund including *inter alia* its rules of procedures, criteria for project/programme funding operations & strategic priorities, policies and guidelines, direct access modality and legal arrangements for adoption by the COP;

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<sup>1</sup> Criteria to be established/agreed at 16<sup>th</sup> COP or by the Ad hoc/Standing Committee on Finance

<sup>2</sup> At the 16<sup>th</sup> COP



- b. Develop recommendation to the COP on the composition and criteria for the membership of the Board to be elected by the 17th Conference of Parties;
  - c. Develop recommendation to rationalize the Financial Mechanism of the Convention;
  - d. Develop recommendation for effective cooperation between the fund and the thematic bodies/adaptation committee/technology mechanism/capacity building committee/REDD;
  - e. Establish a framework for recipient country involvement to ensure country drivenness;
  - f. Develop recommendation on balanced allocation of resources between all thematic areas;
3. The Standing Committee/Adhoc Committee on Finance shall convene its first meeting soon after it is constituted, and shall meet as frequently thereafter as it decides and shall present a report to the 17th COP for adoption/ through the Subsidiary Body for Implementation at its 34th session.
  4. Member Parties of the Standing/Ad Hoc Committee on Finance shall appoint representatives with expertise/criteria attached.
  5. To establish a Standing Committee on Finance comprising XX members to provide regular support to the COP in exercising its functions with respect to the Financial Mechanism of the UNFCCC. The Standing Committee on Finance shall:
    - a. Exercise functions enumerated in paragraph 14 of the Convention;
    - b. Provide guidance to the operating entities of the Financial Mechanism;
    - c. Make recommendations to other multilateral/bilateral entities/organization dealing with climate change finance to ensure coherence in delivering of climate finance;
    - d. Assure the accountability of the operating entity/entities of the FM;
    - e. Assess the adequacy of climate change for developing countries;
    - f. Manage Registry for measuring, reporting and verifying the fulfillment of contributions/assessed contribution, flow of total financial resources/commitments to the developing countries through all sources/channels and review the scale of contributions/assessed contribution;
    - g. Act as a central platform for consultation/cooperation with the private sector and multilateral/bilateral entities in channeling climate finance to the developing countries;
  6. That the establishment of the Fund and the Standing Committee shall be incorporated in a legally binding outcome in future .

## Paper no. 5: United States of America

The Conference of the Parties welcomes the offer by the Ministry of Finance of [Party X [and Party Y]] to convene a Transitional Working Group in a series of meetings, to be open to all interested Parties and led by finance ministries, to prepare a governing instrument and other necessary governing documents establishing the Fund and a process for board selection. It further requests [Party X [and Party Y]], as chair[s] of the Transitional Working Group meetings, to regularly report to the Conference of the Parties on its progress in both establishing the Fund and the process of board selection.

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