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Agenda item 12(c)

Matters relating to finance

Report of the Green Climate Fund to the Conference of the Parties and guidance to the Green Climate Fund

Report of the Green Climate Fund to the Conference of the Parties and guidance to the Green Climate Fund

Proposal by the President

Revised draft decision -/CP.21

Report of the Green Climate Fund to the Conference of the Parties and guidance to the Green Climate Fund

The Conference of the Parties,

Recalling decision 7/CP.20,

Noting the recommendations of the Standing Committee on Finance contained in its report to the Conference of the Parties with regard to the provision of draft guidance to the Green Climate Fund,¹

1. *Welcomes* the report of the Green Climate Fund to the Conference of the Parties² and the information contained therein on the progress made by the Green Climate Fund towards its full operationalization;
2. *Notes with appreciation* the attainment of the effectiveness of the Green Climate Fund by achieving the 50 per cent threshold required for the Green Climate Fund to allocate its resources to projects and programmes;
3. *Also notes with appreciation* that the Board of the Green Climate Fund reached its aim of taking its first funding decisions by its third meeting of 2015, committing USD 168 million to eight public and private projects that will promote, in the context of sustainable development, the paradigm shift towards low-emission and climate-resilient development pathways, thereby making the Green Climate Fund fully operational;

¹ FCCC/CP/2015/8, annex IV.

² FCCC/CP/2015/3.

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4. *Welcomes with appreciation* pledges made to the Green Climate Fund since the twentieth session of the Conference of Parties;³
5. *Welcomes* the aspirations of the Board of the Green Climate Fund to approve proposals in 2016 to a value of USD 2.5 billion;
6. *Also welcomes* the establishment of a project preparation facility that will be targeted to small-scale activities and direct access entities, and requests the Board of the Green Climate Fund to consider lessons learned from other relevant facilities;
7. *Further welcomes* the allocation of up to USD 900 million for three pilot programmes on: enhancing direct access for recipient countries to the Green Climate Fund; supporting micro, small and medium-sized enterprises; and mobilizing resources at scale in order to address adaptation and mitigation;⁴
8. *Urges* Parties that made pledges under the initial resource mobilization process of the Green Climate Fund but have not yet confirmed them to the Green Climate Fund through fully executed contribution arrangements or agreements to do so as a matter of high priority;
9. *Reiterates* the invitation for financial inputs from a variety of sources, public and private, including alternative sources, throughout the initial resource mobilization process;
10. *Requests* the Board of the Green Climate Fund to agree on the arrangements for the first formal replenishment process of the Green Climate Fund as soon as feasible;
11. *Welcomes* the decision of the Board of the Green Climate Fund to develop a strategic plan for the Green Climate Fund and to adopt it as soon as possible;
12. *Also welcomes* the decision of the Board of the Green Climate Fund to simplify the funding proposal template and concept note template in an expeditious manner;
13. *Requests* the Board of the Green Climate Fund to ensure that the revised funding proposal template and concept note template are designed to facilitate the application process;
14. *Also requests* the Board of the Green Climate Fund to adopt a simplified process for approval of proposals for certain activities, in particular for small-scale activities, as soon as possible in 2016, to reduce complexities and costs involved in project proposal development;
15. *Welcomes* the decisions of the Board of the Green Climate Fund to approve the accreditation of 20 national, regional, international and private entities to the Green Climate Fund;⁵
16. *Urges* the Board of the Green Climate Fund to streamline the accreditation modalities and to seek a balance of diversity in accredited entities;
17. *Takes note* of the progress achieved to date in the implementation of the readiness and preparatory support programme of the Green Climate Fund and stresses the importance of improving the approval process and timely disbursement of readiness resources to

³ Pledges have been made by Bulgaria, Cyprus, Estonia, Hungary, Iceland, Ireland, Lithuania, Luxembourg, Malta, Norway, Portugal, Viet Nam, Flanders and Wallonia in Belgium, and the City of Paris.

⁴ See Green Climate Fund Board decision B.10/17; available at <http://www.gcfund.org/fileadmin/00_customer/documents/MOB201507-10th/17_-_Decisions_of_the_Board_20150721_fin.pdf>.

⁵ Five national, three regional, three private and nine international entities.

facilitate readiness programme implementation pursuant to Green Climate Fund Board decision B.11/4;

18. *Requests* the Board of the Green Climate Fund to prioritize the development of its initial risk management framework;

19. *Also requests* the Board of the Green Climate Fund to enhance transparency and stakeholder engagement;

20. *Urges* the Board of the Green Climate Fund to operationalize the Independent Evaluation Unit, Independent Redress Mechanism and Independent Integrity Unit as a matter of urgency and to make public the procedures Parties and affected individuals should follow when seeking redress until the Independent Redress Mechanism is operationalized;

21. *Invites* the Board of the Green Climate Fund to take into account in its programmatic priorities the Cancun Adaptation Framework, in particular the principles referred to in paragraph 12 and the activities referred to in paragraph 14 of decision 1/CP.16;

22. *Also invites* the Board of the Green Climate Fund, in line with paragraph 38 of the governing instrument of the Green Climate Fund,⁶ to consider ways to provide support, pursuant to the modalities of the Green Climate Fund, for facilitating access to environmentally sound technologies in developing countries, and for undertaking collaborative research and development for enabling developing countries to enhance their mitigation and adaptation action;

23. *Urges* the Board of the Green Climate Fund to operationalize results-based payments for activities referred to in decision 1/CP.16, paragraph 70, consistent with decision 9/CP.19, and in accordance with Green Climate Fund Board decision B.08/08;

24. *Encourages* the Board of the Green Climate Fund to consider the mobilization of private sector finance to progress the Fund's forestry-related result areas;

25. *Requests* the Board of the Green Climate Fund to take into account decision -/CP.21,⁷ in particular paragraph 6, referring to support for alternative policy approaches, such as joint mitigation and adaptation approaches for the integral and sustainable management of forests as appropriate in its funding decisions;

26. *Encourages* the Board of the Green Climate Fund to improve complementarity and coherence with other institutions, per paragraphs 33 and 34 of the governing instrument, including by engaging with relevant bodies of the Convention, including the Standing Committee on Finance;

27. *Urges* the Board of the Green Climate Fund to develop appropriate mechanisms to support the fund through appropriate expert and technical advice, including from thematic bodies, as appropriate;

28. *Requests* the Board of the Green Climate Fund to report to the Conference of Parties on the steps it has taken to implement the guidance provided in this decision and other relevant decisions of the Conference of the Parties;

29. *Invites* Parties to submit to the secretariat in writing annually, no later than 10 weeks prior to each session of the Conference of the Parties, their views and recommendations on the elements to be taken into account in developing guidance to the operating entities of the Financial Mechanism of the Convention.

⁶ Decision 3/CP.17, annex.

⁷ Draft decision proposed for adoption under agenda item 3(a) of the Conference of the Parties.