

**Enhanced action on finance**  
AWG-LCA agenda item 3 (e)

*August 2012*

COP 13 (Bali) 1/CP.13, para. 1 (e)	COP 16 (Cancun)	COP 17 (Durban)	Further action in Doha
<p>Enhanced action on the provision of financial resources and investment to support action on mitigation and adaptation and technology cooperation, including, inter alia, consideration of:</p> <p>(i) Improved access to adequate, predictable and sustainable financial resources and financial and technical support, and the provision of new and additional resources, including official and concessional funding for developing country Parties;</p> <p>(ii) Positive incentives for developing country Parties for the enhanced implementation of national mitigation strategies and adaptation action;</p> <p>(iii) Innovative means of funding to assist developing country Parties that are particularly vulnerable to the adverse impacts of climate change in meeting the cost of adaptation;</p> <p>(iv) Means to incentivize the implementation of adaptation actions on the basis of sustainable development policies;</p> <p>(v) Mobilization of public- and private-sector funding and investment, including facilitation of climate-friendly investment choices;</p> <p>(vi) Financial and technical support for capacity-building in the assessment of the costs of adaptation in developing countries, in particular the most vulnerable ones, to aid in determining their financial needs;</p>	<p>By decision 1/CP.16, established the following bodies, entities, and commitments:</p> <p><u>Fast-start finance (FSF):</u> The COP took note of the collective commitment by developed countries to provide new and additional resources, including forestry and investments through international institutions, approaching USD 30 billion for the period 2010–2012, with a balanced allocation between adaptation and mitigation, with funding for adaptation being prioritized for the most vulnerable developing countries, such as LDCs, SIDSs and Africa; (para. 95)</p> <p>Furthermore, it invited developed country Parties to submit to the secretariat, by May 2011, 2012 and 2013, information on the resources provided to fulfil the commitment, including ways in which developing country Parties access these resources; (para. 96)</p> <p><u>Long-term finance (LTF):</u> The COP decided that, scaled-up, new and additional, predictable and adequate funding shall be provided to developing country Parties, taking into account the urgent and immediate needs of developing countries that are particularly vulnerable to the adverse effects of climate change; (para. 97)</p> <p>It recognized that developed country Parties commit, in the context of meaningful mitigation actions and transparency on implementation, to a goal of mobilizing jointly USD 100 billion per year by 2020 to address the needs of developing countries; (para. 98)</p> <p>It agreed that, funds provided to developing country Parties may come from a wide variety of sources, public and private, bilateral and multilateral, including</p>	<p>By decision 2/CP.17:</p> <p><u>Fast-start finance (FSF):</u> The COP welcomed the FSF provided by developed countries;</p> <p>Further, the COP noted the information provided by developed country Parties on the FSF they have provided and urged them to continue to enhance the transparency of their reporting on the fulfilment of their FSF commitments; (para. 132)</p> <p>(see also para. 130 below on lessons learned on FSF)</p> <p><u>Long-term finance (LTF):</u> The COP decided to undertake a work programme on LTF in 2012, including workshops, to progress on LTF; (para. 127)</p> <p>It decided that the aim of the work programme is to contribute to the on-going efforts to scale up the mobilization of climate change finance after 2012; the work programme will analyse options for the mobilization of resources from a wide variety of sources, public and private, bilateral and multilateral, including alternative sources and relevant analytical work on the climate-related financing needs of developing countries; the analysis will draw upon relevant reports including that of the High-level Advisory Group on Climate Financing and the report on mobilizing climate finance for the Group of Twenty and the assessment criteria in the reports, and will also take into account lessons learned from FSF; (para. 130)</p>	<p><b>COP 18:</b></p> <p><u>Fast-start finance (FSF):</u> Information document compiling the information submitted by developed country Parties on the resources provided will be available to Parties.</p> <p><u>Long-term finance (LTF):</u> The report by the co-chairs of the work programme will be available for consideration by COP 18.</p>

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	<p>alternative sources; (para. 99)</p> <p>Furthermore, it decided that a significant share of new multilateral funding for adaptation should flow through the Green Climate Fund; (para. 100)</p> <p>It took note of the relevant reports on the financing needs and options for the mobilization of resources; (para. 101)</p> <p><u>Standing Committee:</u> The COP decided to establish a Standing Committee (SC) under the COP to assist the COP in exercising its functions with respect to the financial mechanism of the Convention in terms of improving coherence and coordination in the delivery of climate change financing, rationalization of the financial mechanism, mobilization of financial resources and measurement, reporting and verification of support provided to developing country Parties; Parties also agreed to further define the roles and functions of the SC; (para. 112)</p>	<p>The co-chairs of the workprogramme were requested, supported by the secretariat, to prepare a report on the workshops for consideration by COP 18; (para 131)</p> <p><u>Standing Committee:</u> The COP decided that the SC shall report and make recommendations to the COP, for its consideration, at each ordinary session of the COP on all aspects of its work; (para. 120)</p> <p>It further defined the activities of the SC, such as:</p> <ul style="list-style-type: none"> <li>(a) Organizing a forum for the communication and continued exchange of information among bodies and entities dealing with climate change finance in order to promote linkages and coherence;</li> <li>(b) Maintaining linkages with the SBI and the thematic bodies of the Convention;</li> <li>(c) Providing to the COP draft guidance for the operating entities of the financial mechanism, with a view to improving the consistency and practicality of such guidance, taking into account the annual reports of the operating entities as well as submissions from Parties;</li> <li>(d) Making recommendations on how to improve the coherence, effectiveness and efficiency of the operating entities of the financial mechanism;</li> <li>(e) Providing expert input, including through independent reviews and assessments, into the preparation and conduct of the periodic reviews of the financial mechanism by the COP;</li> <li>(f) Preparing a biennial assessment, overview of climate finance flows, to include information on the geographical and thematic balance of such flows, drawing on available sources of information, including national communications and biennial reports of both developed and developing country Parties, information provided in the registry, information provided by Parties on assessments of their needs, reports prepared by the operating entities of the financial mechanism, and information available from other entities providing</li> </ul>	<p><u>Standing Committee:</u> The first report of the Standing Committee including recommendations will be available for consideration by COP 18.</p> <p>The work programme of the Standing Committee will be available for presentation to COP 18.</p>

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	<p><u>Green Climate Fund:</u> The COP decided to establish a Green Climate Fund (GCF), to be designated as an operating entity of the financial mechanism of the Convention under Article 11, to support projects, programmes, policies and other activities in developing country Parties using thematic funding windows; (para. 102)</p> <p>It also decided that the GCF shall be designed by a Transitional Committee; (para. 109)</p>	<p>climate change finance; (para. 121)</p> <p>It further decides that the SC shall perform any other functions that may be assigned to it by the COP; (para. 122)</p> <p>The COP requested the SC to develop a work programme based on the activities as outlined in para. 121 for presentation to COP 18; (para. 123)</p> <p>Furthermore, the COP defined the composition and working modalities of the SC (para. 125, Annex VI)</p> <p>By decision <b>3/CP.17</b>:</p> <p><u>Green Climate Fund:</u> The COP approved the governing instrument of the GCF; (para. 2)</p> <p>The COP decided to designate the GCF as an operating entity, with arrangements to be concluded between the COP and the Fund at COP 18 to ensure that it is accountable to and functions under the guidance of the COP to support projects, programmes, policies and other activities in developing country Parties; (para. 3)</p> <p>Furthermore, the COP decided to provide guidance to the Board of the GCF, including on matters related to policies, programme priorities and eligibility criteria and matters related thereto, taking into account the Board's annual reports to the COP on its activities; (para. 5)</p> <p>The COP invites Parties to make financial contributions for the start-up of the GCF, including administrative costs of the Board and its interim secretariat; (para. 25)</p> <p>Furthermore, the GCF will have a private sector facility that enables it to directly and indirectly finance private sector mitigation and adaptation activities at the national, regional and international levels. (Annex, para. 41)</p> <p>The facility will promote the participation of private sector</p>	<p><u>Green Climate Fund:</u> The first report by the GCF will be available for consideration by COP 18.</p> <p>Arrangements will be concluded between the COP and the Fund to ensure that it is accountable to and functions under the guidance of the COP to support projects, programmes, policies and other activities in developing country Parties.</p> <p>The COP will provide guidance to the Board of the GCF, including on matters related to policies, programme priorities and eligibility criteria and matters related thereto, taking into account the Board's first report to the COP on its activities.</p>

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		actors in developing countries, in particular local actors, including small- and medium-sized enterprises and local financial intermediaries. The facility will also support activities to enable private sector involvement in SIDS and LDCs. (Annex, para. 43)	The selection of the host country will be endorsed by COP 18.