

Provisions of decision 1/CP.16 relevant to the work of the Transitional Committee for the design of the Green Climate Fund

Information note by the UNFCCC secretariat

Background

For ease of reference, this reference document reproduces the paragraphs directly relating to the work of the Transitional Committee (TC) for the design of the Green Climate Fund, as adopted by the Conference of the Parties at its sixteenth session by its decision 1/CP.16. The paragraph numbers below refer to those in the decision.

I. Provisions of decision 1/CP.16 in the section on finance and its appendix

Finance

95. *Takes 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; funding for adaptation will be prioritized for the most vulnerable developing countries, such as the least developed countries, small island developing States and Africa;

96. *Invites*, in order to enhance transparency, developed country Parties to submit to the secretariat for compilation into an information document, by May 2011, 2012 and 2013, information on the resources provided to fulfil the commitment referred to in paragraph 95 above, including ways in which developing country Parties access these resources;

97. *Decides* that, in accordance with the relevant provisions of the Convention, 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;

98. *Recognizes* 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;

99. *Agrees* that, in accordance with paragraph 1 (e) of the Bali Action Plan, funds provided to developing country Parties may come from a wide variety of sources, public and private, bilateral and multilateral, including alternative sources;

100. *Decides* that a significant share of new multilateral funding for adaptation should flow through the Green Climate Fund, referred to in paragraph 102 below;

101. *Takes note* of the relevant reports on the financing needs and options for the mobilization of resources to address the needs of developing country Parties with regard to climate change adaptation and mitigation, including the report of the High-level Advisory Group on Climate Change Financing;

102. *Decides* to establish a Green Climate Fund, to be designated as an operating entity of the financial mechanism of the Convention under Article 11, with arrangements to be concluded between the Conference of the Parties and the Green Climate Fund to ensure that it is accountable to and

functions under the guidance of the Conference of the Parties, to support projects, programmes, policies and other activities in developing country Parties using thematic funding windows;

103. *Also decides* that the Fund shall be governed by a Board of 24 members, comprising an equal number of members from developing and developed country Parties; representation from developing country Parties shall include representatives of relevant United Nations regional groupings and representatives of small island developing States and the least developed countries; each Board member shall have an alternate member; with alternate members entitled to participate in the meetings of the board only through the principal member, without the right to vote, unless they are serving as the member; during the absence of the member from all or part of a meeting of the Board, his or her alternate shall serve as the member;

104. *Further decides* that the Green Climate Fund shall have a trustee; the trustee for the Green Climate Fund shall have the administrative competence to manage the financial assets of the Green Climate Fund, maintain appropriate financial records and prepare financial statements and other reports required by the Board of the Green Climate Fund, in accordance with internationally accepted fiduciary standards;

105. *Decides* that the trustee shall administer the assets of the Green Climate Fund only for the purpose of, and in accordance with, the relevant decisions of the Green Climate Fund Board; the trustee shall hold the assets of the Green Climate Fund separate and apart from the assets of the trustee, but may commingle them for administrative and investment purposes with other assets maintained by the trustee; and the trustee shall establish and maintain separate records and accounts to identify the assets of the Green Climate Fund;

106. *Decides* that the trustee shall be accountable to the Green Climate Fund Board for the performance of its fiduciary responsibilities;

107. *Invites* the World Bank to serve as the interim trustee for the Green Climate Fund, subject to a review three years after operationalization of the Fund;

108. *Decides* that the operation of the Fund shall be supported by an independent secretariat;

109. *Also decides* that the Green Climate Fund shall be designed by a Transitional Committee in accordance with the terms of reference contained in appendix III to this decision; the Transitional Committee shall have 40 members, with 15 members from developed country Parties and 25 members from developing country Parties as follows:

- (a) Seven members from Africa;
- (b) Seven members from Asia;
- (c) Seven members from Group of Latin America and the Caribbean;
- (d) Two members from small island developing States;
- (e) Two members from the least developed countries;

110. *Invites* the Executive Secretary of the secretariat, in consultation with the President of the Conference of the Parties, to convene the initial meeting of the Transitional Committee, with members having the necessary experience and skills, notably in the area of finance and climate change; the meetings of the Transitional Committee will be open to observers;

111. *Requests* the secretariat, in consultation with the President of the Conference of the Parties, to make arrangements enabling relevant United Nations agencies, international financial institutions and multilateral development banks, along with the secretariat and the Global Environment Facility, to second staff to support the work of the Transitional Committee for the design phase of the Green Climate Fund;

112. *Decides* to establish a Standing Committee under the Conference of the Parties to assist the Conference of the Parties 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 agree to further define the roles and functions of this Standing Committee;

Appendix III: Terms of reference for the design of the Green Climate Fund

1. The Transitional Committee shall develop and recommend to the Conference of the Parties for its approval at its seventeenth session operational documents that address, inter alia:
 - (a) The legal and institutional arrangements for the establishment and operationalization of the Green Climate Fund;
 - (b) The rules of procedure of the Green Climate Fund Board and other governance issues related to the Board;
 - (c) Methods to manage the large scale of financial resources from a number of sources and deliver through a variety of financial instruments, funding windows and access modalities, including direct access, with the objective of achieving a balanced allocation between adaptation and mitigation;
 - (d) The financial instruments that the Fund can use to achieve its priorities;
 - (e) Methods to enhance complementarity between the Fund's activities and those of other bilateral, regional and multilateral funding mechanisms and institutions;
 - (f) The role of the Fund's secretariat and the procedure for selecting and/or establishing the secretariat;
 - (g) A mechanism to ensure periodic independent evaluation of the Fund's performance;
 - (h) Mechanisms to ensure financial accountability and to evaluate the performance of activities supported by the Fund, in order to ensure the application of environmental and social safeguards as well as internationally accepted fiduciary standards and sound financial management to the Fund's activities;
 - (i) Mechanisms to ensure the provision of appropriate expert and technical advice, including from relevant thematic bodies established under the Convention;
 - (j) Mechanisms to ensure stakeholder input and participation.
2. In the conduct of its work, the Transitional Committee shall:
 - (a) Convene its first meeting by March 2011;
 - (b) Encourage input from all Parties and from relevant international organizations and observers;
 - (c) Take into account the findings contained in relevant reports.

II. Provisions of decision 1/CP.16 relevant to the work of the Transitional Committee in other chapters of the decision

Enhanced action on adaptation

20. *Decides* to hereby establish an Adaptation Committee to promote the implementation of enhanced action on adaptation in a coherent manner under the Convention, inter alia, through the following functions:

- (d) Providing information and recommendations, drawing on adaptation good practices, for consideration by the Conference of the Parties when providing guidance on means to incentivize the implementation of adaptation actions, including finance, technology and capacity-building and other ways to enable climate-resilient development and reduce vulnerability, including to the operating entities of the financial mechanism of the Convention, as appropriate;

Enhanced action on mitigation

Nationally appropriate mitigation actions by developing country Parties

52. *Decides* that, in accordance with Article 4, paragraph 3, of the Convention, developed country Parties shall provide enhanced financial, technological and capacity-building support for the preparation and implementation of nationally appropriate mitigation actions of developing country Parties and for enhanced reporting by these Parties;

53. *Also decides* to set up a registry to record nationally appropriate mitigation actions seeking international support and to facilitate matching of finance, technology and capacity-building support for these actions;

54. *Invites* developing country Parties to submit to the secretariat information on nationally appropriate mitigation actions for which they are seeking support, along with estimated costs and emission reductions, and the anticipated time frame for implementation;

55. *Also invites* developed country Parties to submit to the secretariat information on support available and provided for nationally appropriate mitigation actions;

56. *Requests* the secretariat to record and regularly update in the registry the information provided by Parties on:

- (a) Nationally appropriate mitigation actions seeking international support;
- (b) Support available from developed country Parties for these actions;
- (c) Support provided for nationally appropriate mitigation actions;

57. *Agrees* to develop modalities for the facilitation of support through the registry referred to in paragraph 53, including any functional relationship with the financial mechanism;

Policy approaches and positive incentives on issues relating to reducing emissions from deforestation and forest degradation in developing countries; and the role of conservation, sustainable management of forests and enhancement of forest carbon stocks in developing countries

76. Urges Parties, in particular developed country Parties, to support, through multilateral and bilateral channels, the development of national strategies or action plans, policies and measures and capacity-building, followed by the implementation of national policies and measures and national strategies or action plans that could involve further capacity-building, technology development and transfer and results-based demonstration activities, including consideration of the safeguards referred to in paragraph 2 of appendix I to this decision, taking into account the relevant provisions on finance including those relating to reporting on support;

77. Requests the Ad Hoc Working Group on Long-term Cooperative Action under the Convention to explore financing options for the full implementation of the results-based actions¹ referred to in paragraph 73 and to report on progress made, including any recommendations for draft decisions on this matter, to the Conference of the Parties at its seventeenth session;

78. Also requests Parties to ensure coordination of the activities referred to in paragraph 70, including of the related support, particularly at the national level;

Various approaches, including opportunities for using markets, to enhance the cost-effectiveness of, and to promote, mitigation actions, bearing in mind different circumstances of developed and developing countries

80. Decides to consider the establishment, at the seventeenth session of the Conference of the Parties, of one or more market-based mechanisms to enhance the cost-effectiveness of, and to promote, mitigation actions, taking into account the following:

- (a) Ensuring voluntary participation of Parties, supported by the promotion of fair and equitable access for all Parties;
- (b) Complementing other means of support for nationally appropriate mitigation actions by developing country Parties;
- (c) Stimulating mitigation across broad segments of the economy;
- (d) Safeguarding environmental integrity;
- (e) Ensuring a net decrease and/or avoidance of global greenhouse gas emissions;
- (f) Assisting developed country Parties to meet part of their mitigation targets, while ensuring that the use of such a mechanism or mechanisms is supplemental to domestic mitigation efforts;
- (g) Ensuring good governance and robust market functioning and regulation;

¹ These actions require national monitoring systems.

Technology development and transfer

Work programme for the Ad Hoc Working Group on Long-term Cooperative Action under the Convention in 2011 on technology development and transfer

128. *Underlines* the importance of continued dialogue among Parties in 2011 through the Ad Hoc Working Group on Long-term Cooperative Action under the Convention, including on the following matters, with a view to the Conference of the Parties taking a decision at its seventeenth session, in order to make the Technology Mechanism fully operational in 2012:

- (d) The potential links between the Technology Mechanism and the financial mechanism;

Capacity-building

131. *Also decides* that financial resources for enhanced action on capacity-building in developing country Parties should be provided by Parties included in Annex II to the Convention and other Parties in a position to do so through the current and any future operating entities of the financial mechanism, as well as through various bilateral, regional and other multilateral channels, as appropriate.