Workstream III
Report of the Co-Facilitators

Tokyo, Japan, 13-14 July 2011
WSIII Documents Prepared for TC2

III.1: Finance Entry Points
- Scoping Paper (TC2/WSIII/1)

III.2: Managing Finance, including thematic funding windows
- Background Note (TC2/WSIII/3)

III.3: Accessing Finance
- Scoping Paper (TC2/WSIII/2)
- Background Note: Further information on financing instruments (TC2/WSIII/4)
- Background Note: Direct Access (TC2/WSIII/5)

Notes based on submissions from TC members and observer organisations
Key Issues under Workstream III

III.1: Finance Entry Points: Areas of Potential Convergence

• The GCF needs to be equipped to handle a broad range of possible financing sources.

• Two broad categories of finance: government contributions and non-government contributions/sources.

• There could be two main means of mobilising contributions: a replenishment cycle (relevant to government contributions) and a system of continuous inputs (relevant to all contributions).

• It will be important for the GCF to mobilise and leverage private sector resources. To explore this, the TC could agree a strategy/platform to engage the private sector.

• Least developed countries (LDCs) and small island developing states (SIDS) face particular challenges in attracting private finance.

• Private sector finance, both at the national and international level, can be leveraged by the GCF through the provision of incentives that lower risk and mobilise the private sector to generate climate finance.
III.2: Managing Finance / Thematic Funding Windows

• The GCF will have a number of thematic funding windows

• An initial set of windows could be established with the Board able to review and create further windows in the future

• Thematic funding windows could be organized by scope (e.g. adaptation, mitigation, REDD+), geographic/economic grouping (e.g. SIDS and/or LDCs), type of funding/access (e.g. a private sector window and a direct access window), or some combination of these.

• Initial windows could be Adaptation and Mitigation

• There are also cross-cutting themes between windows
Key Issues under Workstream III

III.3: Accessing Finance: Areas of potential convergence

• The GCF should use a range of instruments to disburse finance to ensure delivery of finance at scale and across a range of activity types.

• Grants should have a prominent role within the range of instruments used by the GCF to disburse finance, but the GCF could also use non-grant financing instruments to finance identified activities.

• The GCF’s access modalities should promote wide and equitable access to the GCF. A range of access modalities should therefore be available simultaneously.

• The GCF’s access modalities could consider expanding the range of entities that have to date been able to access financing through other funds.

• Sound fiduciary management and functioning, robust institutions are prerequisites to the integrity of the GCF’s access modalities, including direct access

• Use of country systems and institutional arrangements are important for the effective and equitable delivery of GCF resources. National climate and development plans could play a role within the GCF to ensure its activities are country-driven
Key Issues for Discussion

- Moving toward agreement on the **types of financing inputs** to the Fund and the institutional implications of this
- Moving toward agreement on the **process for raising funds**
- The thematic funding **windows**
- Moving toward agreement on the broad elements of the **access modalities** for the GCF
- Agreeing on an approach to crowd in the **private sector**