



**Co-Chairs' summary report on the initial meeting of the Transitional Committee
for the design of the Green Climate Fund**

I. Introduction

1. The initial meeting of the Transitional Committee (TC) was held in Mexico City from 28 to 29 April 2011. The meeting was convened by the Executive Secretary of the UNFCCC in consultation with the COP President, pursuant to decision 1/CP.16 (paragraph 110) adopted at the sixteenth session of the Conference of the Parties (COP).

2. Thirty-seven members of the TC participated in the meeting along with their advisers. Observers from 11 Parties, 5 United Nations organizations, 9 intergovernmental organizations and 35 non-governmental organizations also attended the meeting. The meeting was webcast via the UNFCCC website. A list of participants is provided in document TC-1/7 (http://unfccc.int/cancun_agreements/green_climate_fund/items/5869.php).

II. Agenda Item I: Opening of the meeting

3. The meeting was opened by Ms. Christiana Figueres, Executive Secretary of the UNFCCC. Ms. Figueres highlighted the composition of the Transitional Committee, which includes high-ranking and renowned officials from the fields of finance and climate from both developed and developing countries. She underlined that the Transitional Committee is strongly placed to conclude its work in time for COP 17 in Durban, South Africa, to consider its recommendations.

4. Ambassador Luis Alfonso de Alba, representative of the host country, provided welcoming remarks and reaffirmed the full commitment of Mexico to further the work on the design of the Green Climate Fund.

III. Agenda Item II: Election of officers

5. Ms. Figueres invited the TC to elect its Co-Chairs and conveyed that pursuant to consultations held among the TC members prior to the opening of the meeting, the members of the TC wished to nominate Mr. Ernesto Cordero Arroyo (Mexico), Mr. Kjetil Lund (Norway) and Mr. Trevor Manuel (South Africa) as the Co-Chairs of the TC to be elected in their personal capacity and on a permanent basis. The three Co-Chairs were elected unanimously by acclamation.

6. The two Co-Chairs present at the meeting, Messrs. Cordero and Lund, jointly chaired the remainder of the meeting.

IV. Agenda Item III: Adoption of the agenda

7. The Co-Chairs invited the TC to consider documents TC-1/1 Provisional Agenda, and TC-1/2 Provisional Annotated Agenda and to agree on the order in which the agenda items shall be considered.



8. The TC agreed to adopt the agenda amended as shown in document TC-1/1 Rev.1, and agreed to take up the items in the order listed in the document.

V. Agenda Item IV : Exchange of views on principles, purpose and scope of the Green Climate Fund

9. The TC conducted an exchange of views on the principles, purpose and scope of the Green Climate Fund. Members of the Committee outlined their perspectives and vision in this regard.

VI. Agenda Item V: Working arrangements for the Transitional Committee

10. The Co-Chairs invited the TC to consider document TC-1/3, working arrangements for the Transitional Committee. Mr. Henning Wuester, the Secretary to the TC, introduced the document.

11. The TC had a rich discussion on the working arrangements. There was broad agreement on paragraphs 3–16 of documents TC-1/3, with the exception of the last sentence of paragraph 9 of the document. The TC agreed to initiate its work on this basis, noting that TC members have proposed additional issues to be reflected in the working arrangements of the Committee. The Co-Chairs circulated a note on their understanding of the issues raised in the discussion for consideration by the TC. The note, modified in light of comments received by members, is attached in annex I. The TC agreed that advisers should be allowed to take the seat of TC members that are unable to participate in a meeting or part of a meeting. TC members are requested to notify the secretariat of the name of the adviser who can represent the TC member. The TC requested its secretary, under the guidance of the Co-Chairs, to prepare a revised document on the draft working arrangements including proposals made, for its consideration at its second meeting.

12. The Executive Secretary introduced document TC-1/4 on the arrangements for the Technical Support Unit (TSU) and provided additional information to the TC on the arrangements she has made pursuant to paragraph 111 of decision 1/CP.16 to facilitate preparation of technical inputs to the work of the TC. This information included reporting lines between TSU, the TC and the Executive Secretary, status of arrangements made and composition of the TSU. The Executive Secretary underlined that the undertaking in the Memorandum of Agreement for secondment addresses the issue of conflict of interest, impartiality and independence as it relates to members of the TSU. The TC recognized the need for a strong TSU and requested the Executive Secretary to solicit requisite inputs and expertise, including on topics such as fund access, direct access, results-based approaches and leveraging private sector financing, and to ensure balanced and regional representation of institutions in the TSU. The TC also requested the Executive Secretary in finalizing arrangements for the TSU to continue to give special attention to issues related to potential conflicts of interest between the institutions providing staff to the TSU and the independence of the TSU. With this general understanding, the TC endorsed the arrangements made for the TSU and requested the Secretary to the TC to provide an update on these arrangements, including of the information provided in annex I to document TC-1/4 at its second meeting.

VI. Agenda Item VI: Workplan of the Transitional Committee

13. Several TC members provided written inputs on the workplan to Co-Chairs. Based on these inputs and provisions of decision 1/CP.16, the Co-Chairs presented a draft discussion note



on the workplan for consideration by the TC. Building on the discussion note, the TC had a comprehensive discussion on the different elements of its task. They commented on various options for clustering the work of the Committee and outlined their views on the content of different clusters. The draft discussion note was refined based on the discussions.

14. The TC considered and took note of the revised draft workplan and agreed to the four work streams. Based on these considerations, the work plan was adjusted as outlined in Annex II. The TC further agreed on a tentative list of background documents, also outlined in annex II, to be prepared with support from the TSU, in order to facilitate discussions of the TC. The TC also agreed that the following members would facilitate the work streams: 1) Ms Alicia Montalvo (Spain) and Mr. Derek Gibbs (Barbados) on Scope, Guiding Principles, and Cross-cutting Issues; 2) Mr. Tosi Mpanu Mpanu (Democratic Republic of Congo) and Mr. Bruno Oberle (Switzerland) on Governance and Institutional Arrangements; 3) Mr. Ewen McDonald (Australia) and Mr. Farrukh Khan (Pakistan) on Operational Modalities; and 4) Mr. Aparup Chowdhury (Bangladesh) and Mr. Jan Cedergren (Sweden) on Monitoring and Evaluation.

15. The TC members also exchanged views on the expected number of meetings and workshops of the TC to complete the work and submit operational documents to the COP 17. Mr Farrukh Khan (Pakistan) and Mr. Jan Cedergren (Sweden) were tasked by the TC to prepare a proposal for a workshop to be held the day before the second meeting of the TC, building on a stocktaking exercise and lessons learnt from the Adaptation Fund as well as from other funds and institutions, including from beneficiaries of the funds. The TC took note of the invitation of Ms Naoko Ishii (Japan) to host the second meeting of the TC in Tokyo, in the first half of July 2011.

VII. Agenda Item VII: Other matters

16. The TC considered issues related to the budget to support the TC. The Executive Secretary provided an overview of the financial resource requirements, including costs related to hosting TC meetings, support for participation of eligible developing country TC members as well as arrangements for the TSU and travel of staff to meetings. She requested Parties to contribute voluntarily to support the work of the TC and thanked Parties that have expressed interest in supporting the work of the TC. She also informed the TC of the arrangements to be made on the web-interface to facilitate the work of the TC.

17. Some TC members proposed the election of a Vice-Chair of the TC from Asia. It was agreed to revert this issue at the next TC meeting.

VIII. Agenda Item VIII: Adoption of the report of the meeting

18. The Co-Chairs informed the TC that given lack of time for discussion of the draft report, the report of the meeting will be issued as a Co-Chairs' summary report under their responsibility.

IX. Agenda Item IX: Closing of the meeting

19. The TC expressed its appreciation to the Government of Mexico for hosting the meeting.

20. The meeting was adjourned at 18:00 hours on Friday 29 April 2011.



Annex I

**Working Arrangements
Understanding of the Co-Chairs**

We had a rich discussion on the rules of procedure at the morning session, and I sense a broad agreement on paragraphs 3–16 of document TC-1/3, with the exception of the last sentence of paragraph 9. We can initiate work on this basis, recognizing that the TC members have brought up additional items to be reflected in the revised version of the document TC-1/3 to be circulated at the second meeting of the TC. These include:

- An approach to participation of the TC members:

The TC agrees to allow advisers to take the seat of TC members that are unable to participate in a meeting or part of a meeting.

The TC members are requested to notify the secretariat the name of the adviser who can represent the TC members.

- Quorum-proposals include a
 - Simple majority;
 - Absolute majority;
 - Simple majority with balance between developed and developing country members.
- An understanding of consensus;
- Roles and responsibilities of TC members, Co-Chairs and work stream Co-facilitators;
- Assigning role to Co-Chairs for outreach activities especially reaching out to non-TC member Parties and other stakeholders and also for mobilizing resources for the work of the TC;
- Role of Parties and observers, including seating arrangements at meetings, right to take the floor at the meetings and to contribute otherwise;
- Status of documents, including making them public;
- Use of the website, electronic space, video conferencing, and other electronic means of communications; rules of transparency;
- Engagement of TSU to support the work of the TC.



Annex II

Revised Draft Workplan for the Transitional Committee

Revised Discussion note by the Co-Chairs

This revised draft workplan provides an initial framework for issues to be considered by the Transitional Committee. This builds on relevant provisions from the Cancun Agreements, as well as inputs received from Parties yesterday during the initial session of the Committee. The draft outlines a tentative clustering of issues. The clustering of issues presented below recognises the need for the possibility for joint meetings of work streams, as appropriate, for cross-cutting issues.

This revised draft is written as a basis for discussion by the Committee and is intended to be revised, refined, and evolve based on further inputs from members as the Committee undertakes its work. This could be strengthened by targeted analytical work, including lessons learned from different stakeholders and existing funding models.

Possible Work streams

Work stream I: Scope, guiding principles, and cross-cutting issues

Decision 1/CP.16 provides overarching guiding principles for the long-term finance under the Convention, including for the Green Climate Fund (GCF).¹ 1/CP.16 also states that the GCF will “manage large scale of financial resources from a number of sources”.² In addition, on scope, the Cancun Agreements provide that the GCF should channel a significant share of new multilateral funding for adaptation,³ as well as have multiple thematic funding windows.⁴ There are other relevant principles and provisions of the Convention, in particular relevant provisions of Article 11, that guide this work stream.

Work under this stream will include, *inter alia*:

- Objectives and principles;
- Thematic scope;
- Size and scalability;
- Country-led and results-based approaches;
- Complementarity and value added;
- Methods to enhance complementarity between the Fund’s activities and those of other bilateral, regional and multilateral funding mechanisms and institutions. Annex III, paragraph 1 (e).

Work stream II: Governance and institutional arrangements

As provided in decision 1/CP.16, Parties agreed that the GCF shall be designated as an operating entity of the financial mechanism of the Convention,⁴ with arrangements to be concluded between the COP and the GCF to ensure that it is accountable to and functions under the guidance of the COP.⁴

¹ 1/CP.16, paragraph 97.

² 1/CP.16, Annex 3, Para 1(c) and 1/CP.16 paragraph 99.

³ 1/CP.16, paragraph 100.

⁴ 1/CP.16 paragraph 102.



Parties further decided that the GCF shall be governed by a Board of 24 members with specific distribution among Parties,⁵ have an interim trustee with a clearly defined role,⁶ and be supported by an independent secretariat.⁷

Work under this stream will include, *inter alia*:

- Legal and institutional arrangements, including fiduciary management issues, for the establishment and operationalization of the GCF. Annex III, paragraph 1 (a)
- Rules of procedure, functions, and responsibilities of the Board and other governance issues related to the Board. Annex III, paragraph 1 (b); Decision 1/CP.16, paragraph 103
- Role of the Fund's secretariat and the procedure for selection and/or establishing the independent secretariat. Annex III, paragraph 1 (f)
- Trustee arrangements and issues of fiduciary responsibility for the Fund. Decision 1/CP.16, paragraphs 104-108
- Relationship between institutional arrangements of the GCF and other bodies established under the Convention, as well as national entities. Decision 1/CP.16;

Work stream III: Operational modalities

The decision 1/CP.16 provides general guidance on the operational modalities of the GCF. In particular, the decision notes that the GCF will “support projects, programmes, policies and other activities in developing country Parties”⁸ 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”.⁹

Work under this stream will include, *inter alia*:

- Methods to manage the large scale of the 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. Annex III, paragraph 1 (c);
- Modalities for contributions to the Fund;
- Methods to mobilise and leverage private sector finance, both foreign and domestic;
- The financial instruments that the Fund can use to achieve its priorities. Annex III, paragraph 1 (d);
- Methods to ensure a balanced allocation between mitigation and adaptation. Annex III, paragraph 1 (c);
- Mechanisms to ensure the provision of appropriate expert and technical non-binding advice, including from relevant thematic bodies established under the Convention. Annex III, paragraph 1 (i);
- Mechanisms to ensure stakeholder input and participation. Annex III, paragraph 1 (j).

⁵ 1/CP.16 paragraph 103.

⁶ 1/CP.16 paragraph 104–107.

⁷ 1/CP.16 paragraph 108.

⁸ 1/CP.16 paragraph 102.

⁹ 1/CP.16, Annex 3, paragraph 1(c).



Work stream IV: Monitoring and Evaluation:

The decision 1/CP.16 requires there to be a “mechanism to ensure periodic independent evaluation of the Fund’s performance”.¹⁰ This is in addition to “mechanisms to ensure financial accountability and to evaluate the performance of activities supported by the GCF, 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”.¹¹

Work under this stream will include, *inter alia*:

- A mechanism to ensure periodic independent evaluation of the Fund’s performance. Annex III, paragraph 1 (g);
- 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. Annex III, paragraph 1 (h).

Implementation Plan

The TC may wish to follow the general approach of being guided by the principles of effectiveness, inclusiveness and transparency when implementing its workplan and when defining the roles and responsibilities of its Co-Chairs, facilitators, its members, its secretary and the Technical Support Unit (TSU). Based on such an approach, the TC may define in its workplan in more specificity these roles and responsibilities in conducting the work.

The TC may wish to organize its work through different work streams led by individual members acting as facilitators. While implementing the work streams, the close involvement of TC members shall be ensured. The TSU under the guidance of work stream facilitators will support the work streams by preparing background papers and organizing workshops and other consultations under the guidance of the work stream leaders.

Interactions among TC members between meetings will be through workshops and regular teleconferences and videoconferences as well as other means of communication. Workshops will also be used, as appropriate, to involve other stakeholders and to engage observers in advancing the work streams.

Indicative Timeline

- First Technical Workshop, early June, Bonn;
- Second Meeting of Transitional Committee, first half of July, Tokyo, Japan;
- Second Technical Workshop, late July or early September, location TBD;
- Third Meeting of Transitional Committee, mid September, location TBD;
- Fourth Meeting of Transitional Committee, late October, location TBD.

¹⁰ 1/CP.16, Annex 3, paragraph 1(g).

¹¹ 1/CP.16, Annex 3, paragraph 1(h).



List of Possible Background Documents to Facilitate Discussion¹²

- Analysis of lessons learned from existing funds and channels;
- Analysis of experiences in provision of Secretariat services;
- Analysis of existing models for Direct Access within climate change and other funding mechanisms;
- Analysis of issues related to institutional capacities of relevant international, regional, and national organizations;
- Analysis of issues related to the provision of public finance and to mobilizing private sector finance and implications for Fund design;
- Options paper on approaches to ensure adequate stakeholder engagement.

¹² Based on preliminary views from members expressed during the first meeting of the Transitional Committee