

<b>Work Stream I - Scope, guiding principles, and cross-cutting issues</b>	
<b>Questions</b>	<b>ADB Views and Comments</b>
<b><u>Objectives and principles</u></b>	
1. How should/could this Fund be different from existing climate funds?	<p>1. GCF needs to be structured as a 'mother of all climate funds' - that centralizes the funds and ensures efficient use in achieving GCF's goals.</p> <p>2. GEF should build on the existing structure of the Climate Investment Funds (CIF) while addressing experienced weaknesses and shortcomings. Ensure that GCF is set up with due regard to administrative efficiency. Achievement of results-on-the-ground should be emphasized.</p> <p>3. Using the same fund transfer mechanism as CIF, including a mirror copy of FPA, is recommended.</p>
2. Some broad objectives and guiding principles of the GCF have been agreed in the decision 1/CP.16, Cancun Agreements (see annex below) How can these be further developed, enhanced and operationalized?	It is recommended to underline further the development work with strong contributions from MDBs.
<b><u>Thematic scope</u></b>	
3. How many and what thematic funding windows should be adopted? What activities should be covered by each thematic window?	<p>1. It is recommended that the GCF by design have four windows: mitigation, adaptation, technology transfer and capacity building. Technology transfer funding can support the operation of Technology Mechanism (covering both mitigation and adaptation), and capacity building funding can support developing countries to develop qualified funding proposals to receive the funding needed.</p> <p>2. Since financing will be raised from many sources, it will be best to create thematic/programmatic subfunds under each window at the formation stage and allow the contributors to identify where they would like their funds placed.</p> <p>3. The adaptation funding can be used for (1) new projects addressing and managing risks related to climate change; and (2) the retrofitting projects addressing and managing risks related to climate change which is particularly important with respect to infrastructure with long projected service life.</p>
4. Should the number of thematic windows be determined by the founding size and design of the fund or should more be added by the Board as the Fund's capital grows in size or/and new needs are identified?	It is advised to set up four windows at the outset, as mentioned above, and review and adjust periodically if necessary thereafter.

<p>5. The Cancun Agreements refer to “balance” between mitigation and adaptation. How do we define and achieve "balanced allocation" between adaptation and mitigation?</p>	<p>1. The 'balance' does not imply 'equal'. Mitigation is a more urgent requirement if cost of adaptation is to be low in the future. However, there may be clear adaptation 'hotspots' that will need addressing even as mitigation efforts yield results. So the balance has to refer to outcomes - the GHG emissions have to be trended downwards but at the same time imminent risk to lives and assets have to be also addressed.</p> <p>2. It is recommended to consider an initial allocation to the four windows along the following lines: 42% for mitigation, 38% for adaptation, 15% for technology transfer and 5% for capacity building. This structure may be reviewed and adjusted based on demand thereafter.</p>
<p><b><u>Size and scalability</u></b></p>	
<p>6. What is the foreseen size of the GCF compared to other existing funds?</p>	<p>The GCF should be much larger than existing funds. It is suggested that the GCF be targeted at a minimum of \$30 billion of grant resources and maintain the pressure till the contribution comes in, and GCF should achieve its target of \$100 billion per year as early as possible. The grant contributions are very crucial and important, and once committed, it will be easier to raise larger amounts of additional funds.</p>
<p>7. What is meant by “large scale” in terms of the expected volume of the GCF, and should a minimum and maximum volume be considered?</p>	<p>1. Adaptation needs in Asia and the Pacific have been estimated at \$35 - \$40 billion per year. Considering in addition mitigation (including REDD); and considering that Asia is only one of several regions (albeit the largest) with large projected adaptation needs, the scale of the GCF should be in the range of tens of billions per year, to have the desired impact.</p> <p>2. The thematic subfunds need to be between \$2 - \$20 billion. e.g., the CCS fund will need to be over \$10 billion to make a difference; a subfund for new zero emission energy sources (ocean-based, fuel cells) will need to also invest large sums in R&amp;D and demonstration projects to bring these on stream by mid-2020s.</p> <p>3. There may be no need to fix an upper limit for GCF. If a rapid global shift to green economy can be achieved, GCF will attract more funds.</p>
<p>8. Should the GCF design be scalable over time, or should the GCF design immediately match the volume goal?</p>	<p>Scalable might be more practical as contributions might be uneven but increase over time.</p>
<p><b><u>Country-led and results-based approaches</u></b></p>	
<p>9. How could the GCF encourage the application of the country led principle?</p>	<p>1. Investments by GCF will have to be results oriented if it is to continue to attract contributions. Countries will need to demonstrate the capacity to deliver results before expected large allocations from GCF.</p>

	<p>2. It is advised to draw on CIF experience.</p> <p>3. Environment and social safeguard standards are expected to be less of an issue with 'green' investments. But the international fiduciary standards and sound financial management cannot be relaxed because the sums involved will be very large.</p> <p>4. It is recommended to designate GCF regional implementing entity to service the needs of countries driven. This is especially important in some regions, such as the Pacific who typically cannot fully benefit from international funds established outside the region.</p>
10. What is needed to ensuring the country led principle alongside the application of environmental and social safeguards as well as internationally accepted fiduciary standards and sound financial management?	<p>1. These matters should be covered by the principles of the fund and the financing agreements with parties and implementing entities.</p> <p>2. All themes and programs will need to have a portfolio of instruments; including results based lending/grant. This will give the flexibility to design projects that meet conditions on ground.</p>
11. How could the GCF encourage results based approaches among different thematic areas? What are the options for implementing result based approaches? Is there a need for taking different approaches for each thematic area?	<p>There are great opportunities for adopting result-based approaches. Ideally, there should be one overall results-framework for the GCF that can be cascaded down to geographical areas, sectors/ subsectors, countries and the room for expansion and type of interventions, etc.</p>
<b><u>Complimentarity and value added</u></b>	
12. What should be the value-added of the design and operations of the green Fund?	<p>1. GCF should be run as a unique fund in terms of its size and scope.</p> <p>2. Clear measurable contributions to addressing climate change, covering both mitigation and adaptation.</p> <p>3. The lead role and a trend setter for developing climate related programs and projects.</p>
13. What role should the GCF play among climate finance entities?	<p>A major role in transferring technology, sharing knowledge, enhancing capacity building, and financing critical investments in mitigation and adaptation projects.</p>
14. How will the GCF ensure complementarity between the Fund's activities and those of other bilateral, regional and multilateral funding mechanisms and institutions?	<p>Complementarity can be achieved by the formation of a regional climate change funding co-ordination and consultation group.</p>