

# UNFCCC

## Climate Finance Decision Booklet

<b>COP / CMP / CMA</b>	<b>Year</b>	<b>Pages</b>
<b>Decisions from Glasgow (CP.26/CMP.16/ CMA.3)</b>	<b>2021</b>	<b><a href="#"><u>11</u></a></b>
<b>Decisions from Madrid (CP.25/CMP.15/ CMA.2)</b>	<b>2019</b>	<b><a href="#"><u>118</u></a></b>
<b>Decisions from Katowice (CP.24/CMP.14/CMA.1)</b>	<b>2018</b>	<b><a href="#"><u>139</u></a></b>
<b>Decisions from Bonn (CP.23/CMP.13)</b>	<b>2017</b>	<b><a href="#"><u>241</u></a></b>
<b>Decisions from Marrakech (CP.22/CMP.12)</b>	<b>2016</b>	<b><a href="#"><u>266</u></a></b>
<b>Decisions from Paris (CP.21/CMP.11)</b>	<b>2015</b>	<b><a href="#"><u>323</u></a></b>
<b>Decisions from Lima (CP.20/CMP.10)</b>	<b>2014</b>	<b><a href="#"><u>392</u></a></b>
<b>Decisions from Warsaw (CP.19/CMP.9)</b>	<b>2013</b>	<b><a href="#"><u>454</u></a></b>
<b>Decisions from Doha (CP.18/CMP.8)</b>	<b>2012</b>	<b><a href="#"><u>483</u></a></b>
<b>Decisions from Durban (CP.17)</b>	<b>2011</b>	<b><a href="#"><u>508</u></a></b>
<b>Decisions from Cancun (CP.16/CMP.6)</b>	<b>2010</b>	<b><a href="#"><u>529</u></a></b>
<b>Decisions from Copenhagen (CP.15/CMP.5)</b>	<b>2009</b>	<b><a href="#"><u>536</u></a></b>
<b>Decisions from Poznań (CP.14/CMP.4)</b>	<b>2008</b>	<b><a href="#"><u>539</u></a></b>
<b>Decisions from Bali (CMP.3)</b>	<b>2007</b>	<b><a href="#"><u>570</u></a></b>
<b>Decisions from Nairobi (CP.12/CMP.2)</b>	<b>2006</b>	<b><a href="#"><u>578</u></a></b>
<b>Decisions from Montreal (CP.11/CMP.1)</b>	<b>2005</b>	<b><a href="#"><u>581</u></a></b>
<b>Decisions from Milan (CP.9)</b>	<b>2003</b>	<b><a href="#"><u>583</u></a></b>
<b>Decisions from Marrakesh (CP.7)</b>	<b>2001</b>	<b><a href="#"><u>585</u></a></b>

Edited on 1 November 2022  
By Climate Finance

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## Table of Contents

<b>Climate Finance Decisions from Glasgow</b>	<b>COP.26/CMP.16/CMA.3</b>
Long-term climate finance.....	<a href="#"><u>4/CP.26</u></a>
Matters relating to the Standing Committee on Finance...	<a href="#"><u>5/CP.26</u></a>
Report of the Green Climate Fund to the Conference of the Parties and guidance to the Green Climate Fund.....	<a href="#"><u>6/CP.26</u></a>
Report of the Global Environment Facility to the Conference of the Parties and guidance to the Global Environment Facility.....	<a href="#"><u>7/CP.26</u></a>
Compilation and synthesis of, and summary report on the in-session workshop on, biennial communications of information related to Article 9, paragraph 5, of the Paris Agreement.....	<a href="#"><u>8/CP.26</u></a>
Report of the Adaptation Fund Board for 2020 and 2021.....	<a href="#"><u>3/CMP.16</u></a>
Fourth review of the Adaptation Fund.....	<a href="#"><u>4/CMP.16</u></a>
New collective quantified goal on climate finance.....	<a href="#"><u>9/CMA.3</u></a>
Matters relating to the Standing Committee on Finance.....	<a href="#"><u>10/CMA.3</u></a>
Guidance to the Green Climate Fund.....	<a href="#"><u>11/CMA.3</u></a>
Guidance to the Global Environment Facility.....	<a href="#"><u>12/CMA.3</u></a>
Matters relating to the Adaptation Fund.....	<a href="#"><u>13/CMA.3</u></a>
Compilation and synthesis of, and summary report on the in-session workshop on, biennial communications of information related to Article 9, paragraph 5, of the Paris Agreement.....	<a href="#"><u>14/CMA.3</u></a>
 <b>Climate Finance Decisions from Madrid</b>	 <b>COP.25/CMP.15/CMA.2</b>
Matters relating to the Standing Committee on Finance.....	<a href="#"><u>11/CP.25</u></a>
Report of the Green Climate Fund to the Conference of the Parties and guidance to the Green Climate Fund.....	<a href="#"><u>12/CP.25</u></a>
Report of the Global Environment Facility to the Conference of the Parties and guidance to the Global Environment Facility.....	<a href="#"><u>13/CP.25</u></a>
Report of the Adaptation Fund Board.....	<a href="#"><u>3/CMP.15</u></a>
Matters relating to the Standing Committee on Finance.....	<a href="#"><u>5/CMA.2</u></a>

Guidance to the Green Climate Fund.....	<a href="#"><u>6/CMA.2</u></a>
Guidance to the Global Environment Facility.....	<a href="#"><u>7/CMA.2</u></a>
Setting a new collective quantified goal on finance in accordance with decision 1/CP.21, paragraph 53.....	<a href="#"><u>14/CMA.1</u></a>
Modalities, procedures and guidelines for the transparency framework for action and support referred to in Article 13 of the Paris Agreement.....	<a href="#"><u>18/CMA.1</u></a>
<b>Climate Finance decisions from Katowice</b>	<b>COP.24/CMP.14</b>
Long-term climate Finance.....	<a href="#"><u>3/CP.24</u></a>
Report of the Standing Committee on Finance.....	<a href="#"><u>4/CP.24</u></a>
<i>Summary and recommendations by the SCF on the 2018 Biennial Assessment and Overview of Climate Finance Flows.</i>	<a href="#"><u>Annex</u></a>
Report of the Green Climate Fund to the Conference of the Parties and guidance to the Green Climate Fund.....	<a href="#"><u>5/CP.24</u></a>
Report of the Global Environment Facility to the Conference of the Parties and guidance to the Global Environment Facility.....	<a href="#"><u>6/CP.24</u></a>
Matters relating to the Adaptation Fund.....	<a href="#"><u>1/CMP.14</u></a>
Report of the Adaptation Fund Board.....	<a href="#"><u>2/CMP.14</u></a>
Guidance to the operating entities of the Financial Mechanism – the Green Climate Fund and the Global Environment Facility – and on the Least Developed Countries Fund and the Special Climate Change Fund.....	<a href="#"><u>3/CMA.1</u></a>
Process to identify the information to be provided by Parties in accordance with Article 9, paragraph 5, of the Paris Agreement.....	<a href="#"><u>12/CMA.1</u></a>
Types of information to be provided by Parties in accordance with Article 9, paragraph 5, of the Paris Agreement.....	<a href="#"><u>Annex</u></a>
Matters relating to the Adaptation Fund.....	<a href="#"><u>13/CMA.1</u></a>
Setting a new collective quantified goal on finance in accordance with decision 1/CP.21, paragraph 53.....	<a href="#"><u>14/CMA.1</u></a>
<b>Climate Finance decisions from Bonn</b>	<b>COP.23/CMP.13</b>
Long-term climate finance.....	<a href="#"><u>6/CP.23</u></a>
Report of the Standing Committee on Finance.....	<a href="#"><u>7/CP.23</u></a>

Review of the functions of the Standing Committee on Finance...	<a href="#"><u>8/CP.23</u></a>
Report of the Green Climate Fund to the Conference of the Parties and guidance to the Green Climate Fund.....	<a href="#"><u>9/CP.23</u></a>
Report of the Global Environment Facility to the Conference of the Parties and guidance to the Global Environment Facility.....	<a href="#"><u>10/CP.23</u></a>
Sixth review of the Financial Mechanism.....	<a href="#"><u>11/CP.23</u></a>
Process to identify the information to be provided by Parties in accordance with Article 9, paragraph 5, of the Paris Agreement...	<a href="#"><u>12/CP.23</u></a>
Report of the Adaptation Fund Board .....	<a href="#"><u>1/CMP.13</u></a>
Third Review of the Adaptation Fund.....	<a href="#"><u>2/CMP.13</u></a>
<b>Climate Finance decisions from Marrakech</b>	<b>COP.22/CMP.12</b>
Long-term climate finance.....	<a href="#"><u>7/CP.22</u></a>
Report of the Standing Committee on Finance.....	<a href="#"><u>8/CP.22</u></a>
Summary and recommendations by the Standing Committee on Finance on the 2016 biennial assessment and overview of climate finance flows.....	<a href="#"><u>Annex</u></a>
Terms of reference for the review of the functions of the Standing Committee on Finance.....	<a href="#"><u>9/CP.22</u></a>
Terms of reference for the review of the functions of the Standing Committee on Finance.....	<a href="#"><u>Annex</u></a>
Report of the Green Climate Fund to the Conference of the Parties and guidance to the Green Climate Fund.....	<a href="#"><u>10/CP.22</u></a>
Report of the Global Environment Facility to the Conference of the Parties and guidance to the Global Environment Facility.....	<a href="#"><u>11/CP.22</u></a>
Sixth review of the Financial Mechanism.....	<a href="#"><u>12/CP.22</u></a>
Updated guidelines for the sixth review of the Financial Mechanism.....	<a href="#"><u>Annex</u></a>
Initiation of a process to identify the information to be provided by Parties in accordance with Article 9, paragraph 5, of the Paris Agreement.....	<a href="#"><u>13/CP.22</u></a>
Linkages between the Technology Mechanism and the Financial Mechanism of the Convention.....	<a href="#"><u>14/CP.22</u></a>
Third Review of the Adaptation Fund.....	<a href="#"><u>1/CMP.12</u></a>

Terms of reference for the third review of the Adaptation Fund	<a href="#"><u>Annex</u></a>
Report of the Adaptation Fund Board.....	<a href="#"><u>2/CMP.12</u></a>
<b>Climate Finance decisions from Paris</b>	<b>COP.21/CMP.11</b>
Adoption of the Paris Agreement.....	<a href="#"><u>1/CP.21</u></a>
<i>Paris Agreement</i> .....	<a href="#"><u>Annex</u></a>
Long-term climate finance.....	<a href="#"><u>5/CP.21</u></a>
Report of the SCF.....	<a href="#"><u>6/CP.21</u></a>
Report of the GCF to the COP and guidance to the GCF.....	<a href="#"><u>7/CP.21</u></a>
Report of the GEF to the COP and guidance to the GEF.....	<a href="#"><u>8/CP.21</u></a>
Methodologies for the reporting of financial information by Parties included in Annex I to the Convention.....	<a href="#"><u>9/CP.21</u></a>
Linkages between the Technology Mechanism and the Financial Mechanism of the Convention.....	<a href="#"><u>13/CP.21</u></a>
Report of the Adaptation Fund Board.....	<a href="#"><u>1/CMP.11</u></a>
<b>Climate Finance decisions from Lima</b>	<b>COP.20/CMP.10</b>
Lima Call for Climate Action.....	<a href="#"><u>1/CP.20</u></a>
Long-term climate finance.....	<a href="#"><u>5/CP.20</u></a>
Report of the SCF.....	<a href="#"><u>6/CP.20</u></a>
Report of the GCF to the COP and guidance to the GCF.....	<a href="#"><u>7/CP.20</u></a>
Report of the GEF to the COP and guidance to the GEF.....	<a href="#"><u>8/CP.20</u></a>
Fifth review of the financial mechanism .....	<a href="#"><u>9/CP.20</u></a>
Executive summary of the technical paper on the fifth review of the Financial Mechanism.....	<a href="#"><u>Annex</u></a>
Further guidance to the LDCF .....	<a href="#"><u>10/CP.20</u></a>
Methodologies for the reporting of financial information by Parties included in Annex I to the Convention.....	<a href="#"><u>11/CP.20</u></a>
Report of the Adaptation Fund Board.....	<a href="#"><u>1/CMP.10</u></a>
Amended and restated terms and conditions of services to be provided by the International Bank for Reconstruction and Development as trustee for the Adaptation Fund.....	<a href="#"><u>Annex</u></a>

Second review of the Adaptation Fund.....	<a href="#"><u>2/CMP.10</u></a>
<b>Climate Finance decisions from Warsaw</b>	<b>COP.19/CMP.9</b>
Long-term climate finance.....	<a href="#"><u>3/CP.19</u></a>
Report of the GCF to the COP and guidance to the GCF.....	<a href="#"><u>4/CP.19</u></a>
Arrangements between the COP and the GCF.....	<a href="#"><u>5/CP.19</u></a>
<i>Arrangements between the COP and the GCF</i> .....	<a href="#"><u>Annex</u></a>
Report of the GEF to the COP and guidance to the GEF.....	<a href="#"><u>6/CP.19</u></a>
Report of the SCF to the COP.....	<a href="#"><u>7/CP.19</u></a>
Fifth review of the financial mechanism .....	<a href="#"><u>8/CP.19</u></a>
<i>Updated guidelines for the fifth review of the Financial Mechanism</i> .....	<a href="#"><u>Annex</u></a>
Report of the Adaptation Fund Board.....	<a href="#"><u>1/CMP.9</u></a>
Second review of the Adaptation Fund.....	<a href="#"><u>2/CMP.9</u></a>
<i>TOR for the second review of the Adaptation Fund</i> .....	<a href="#"><u>Annex</u></a>
<b>Climate Finance decisions from Doha</b>	<b>COP.18/CMP.8</b>
Agreed outcome pursuant to the Bali Action Plan - <i>Enhanced action on the provision of financial resources and investment to support action on mitigation and adaptation and technology cooperation</i> .....	<a href="#"><u>1/CP.18–V</u></a>
Agreed outcome pursuant to the Bali Action Plan .....	<a href="#"><u>1/CP.18</u></a>
Work programme on long-term finance.....	<a href="#"><u>4/CP.18</u></a>
Report of the Standing Committee.....	<a href="#"><u>5/CP.18</u></a>
Report of the GCF to the COP and guidance to the GCF.....	<a href="#"><u>6/CP.18</u></a>
Arrangements between the COP and the GCF.....	<a href="#"><u>7/CP.18</u></a>
Review of the financial mechanism.....	<a href="#"><u>8/CP.18</u></a>
Report of the GEF to the COP and additional guidance to the GEF.....	<a href="#"><u>9/CP.18</u></a>
Further guidance to the LDCF.....	<a href="#"><u>10/CP.18</u></a>
Report of the Adaptation Fund Board.....	<a href="#"><u>3/CMP.8</u></a>
Initial review of the Adaptation Fund.....	<a href="#"><u>4/CMP.8</u></a>



<b>Climate Finance decisions from Durban</b>	<b>COP.17/CMP.7</b>
Outcome of the work of the Ad Hoc Working Group on Long-term Cooperative Action under the Convention <i>Standing Committee, Long-term Finance</i> .....	<a href="#"><u>2/CP.17</u></a>
<i>Composition and working modalities of the Standing Committee</i> .....	<a href="#"><u>Annex VI</u></a>
Launching the Green Climate Fund.....	<a href="#"><u>3/CP.17</u></a>
<i>Governing Instrument of the GCF</i> .....	<a href="#"><u>Annex</u></a>
<b>Climate Finance decisions from Cancun</b>	<b>COP.16/CMP.6</b>
The Cancun Agreements: Outcome of the work of the Ad Hoc Working Group on Long-term Cooperative Action under the Convention <i>A: Finance</i> .....	<a href="#"><u>1/CP.16</u></a>
Report of the Adaptation Fund Board.....	<a href="#"><u>5/CMP.6</u></a>
Amendments to the terms and conditions of services to be provided by the International Bank for Reconstruction and Development as trustee for the Adaptation Fund.....	<a href="#"><u>Annex</u></a>
<b>Climate Finance decisions from Copenhagen</b>	<b>COP.15/CMP.5</b>
Report of the Adaptation Fund Board.....	<a href="#"><u>4/CMP.5</u></a>
Amendments to the rules of procedure of the Adaptation Fund Board .....	<a href="#"><u>Annex</u></a>
<b>Climate Finance decisions from Poznań</b>	<b>COP.14/CMP.4</b>
First report of the Adaptation Fund Board.....	<a href="#"><u>1/CMP.4</u></a>
Rules of procedure of the Adaptation Fund Board.....	<a href="#"><u>Annex I</u></a>
Legal arrangements for the secretariat of the Adaptation Fund Board.....	<a href="#"><u>Annex II</u></a>
Terms and conditions of services to be provided by the international bank for reconstruction and development as trustee for the Adaptation Fund.....	<a href="#"><u>Appendix</u></a>
Legal Arrangements between the Conference of the Parties Serving as the Meeting of the Parties to the Kyoto Protocol and The International Bank for Reconstruction and Development (World Bank) Regarding the Services to be	<a href="#"><u>Annex III</u></a>

Provided by the Trustee for the Adaptation Fund.....	
Terms and conditions of services to be provided by the international bank for reconstruction and development as trustee for the adaptation fund.....	<a href="#">Appendix</a>
Strategic Priorities, Policies and Guidelines of the Adaptation Fund.....	<a href="#">Annex IV</a>
<b>Climate Finance decisions from Bali</b>	<b>COP.13/CMP.3</b>
Eligibility for funding from the AF, strategic priorities, policies and guidelines of the AF, decision on OEs, reporting obligation to CMP.....	<a href="#">1/CMP.3</a>
<b>Climate Finance decisions from Nairobi</b>	<b>COP.12/CMP.2</b>
Adaptation Fund.....	<a href="#">5/CMP.2</a>
<b>Climate Finance decisions from Montreal</b>	<b>COP.11/CMP.1</b>
Initial guidance to an entity entrusted with the operation of the financial mechanism of the Convention, for the operation of the Adaptation Fund.....	<a href="#">28/CMP.1</a>
<b>Climate Finance decisions from Milan</b>	<b>COP.9</b>
Additional guidance to an operating entity of the financial mechanism .....	<a href="#">4/CP.9</a>
<b>Climate Finance decisions from Marrakesh</b>	<b>COP.7</b>
Implementation of Article 4, paragraphs 8 and 9, of the Convention (decision 3/CP.3 and Article 2, paragraph 3, and Article 3, paragraph 14, of the Kyoto Protocol) .....	<a href="#">5/CP.7</a>
Funding under the Kyoto Protocol.....	<a href="#">10/CP.7</a>

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## Decision 4/CP.26

(FCCC/CP/2021/12/Add.1)

### Long-term climate finance

*The Conference of the Parties,*

*Recalling* Articles 4 and 11 of the Convention,

*Also recalling* decisions 1/CP.16, paragraphs 2, 4 and 97–101, 1/CP.17, 2/CP.17, paragraphs 126–132, 4/CP.18, 3/CP.19, 5/CP.20, 1/CP.21, 5/CP.21, 7/CP.22, 6/CP.23, 3/CP.24, 11/CP.25, paragraph 10, and 5/CMA.2, paragraph 10,

1. *Recalls* the commitment of developed country Parties, 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 country Parties in accordance with decision 1/CP.16;
2. *Welcomes* the recent pledges made to the Adaptation Fund (totalling USD 356 million) and to the Least Developed Countries Fund (totalling USD 605.3 million);
3. *Notes* the continued efforts of developed country Parties towards reaching the goal of mobilizing jointly USD 100 billion per year by 2020, in the context of meaningful mitigation action and transparency on implementation, in accordance with decision 1/CP.16;
4. *Notes* with serious concern the gap in relation to the fulfilment of the goal of developed country Parties to mobilize jointly USD 100 billion per year by 2020, including due to challenges in mobilizing finance from private sources;
5. *Notes* that a substantial component of climate finance from developed country Parties to developing country Parties is provided through public finance and urges developed country Parties to continue to scale up climate finance towards achieving the goal to mobilize jointly USD 100 billion per year by 2020;
6. *Acknowledges* the need to support developing country Parties in implementing the Convention;
7. *Recalls* that, in accordance with decision 1/CP.21, paragraph 53, developed countries reaffirm the continuation of their existing

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collective mobilization goal through 2025 in the context of meaningful mitigation action and transparency on implementation;

8. *Notes* with appreciation the first report of the Standing Committee on Finance on the determination of the needs of developing country Parties related to implementing the Convention and the Paris Agreement<sup>1</sup> and the fourth (2020) Biennial Assessment and Overview of Climate Finance Flows;<sup>2</sup>

9. *Notes* recent pledges to increase climate finance, acknowledges that some developed country Parties have already doubled their provision of adaptation finance and requests other developed country Parties to significantly increase their provision of adaptation finance, including by, as appropriate, considering doubling adaptation finance with the aim of achieving a balance between mitigation and adaptation;

10. *Welcomes* the progress of Parties' efforts to strengthen their domestic enabling environments in order to attract climate finance and requests Parties to continue to enhance their enabling environments and policy frameworks to facilitate the mobilization and effective deployment of climate finance in accordance with decision 3/CP.19;<sup>3</sup>

11. *Emphasizes* the importance of an effective and coherent climate finance landscape in maximizing access to climate finance in meeting the needs and priorities of developing country Parties;

12. *Requests* the Standing Committee on Finance to continue its work on definitions of climate finance, taking into account the submissions received from Parties on this matter, with a view to providing input for consideration by the Conference of the Parties at its twenty- seventh session (November 2022);

13. *Also requests* the Standing Committee on Finance to undertake further work on mapping the available information relevant to Article 2, paragraph 1(c), of the Paris Agreement, including its reference to Article 9 thereof, with a view to providing input for consideration by the Conference of the Parties at its twenty- seventh session;

14. *Notes* the biennial submissions received to date from developed country Parties on updated strategies and approaches for

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<sup>1</sup> See document FCCC/CP/2021/10/Add.2–FCCC/PA/CMA/2021/7/Add.2.

<sup>2</sup> See document FCCC/CP/2021/10/Add.1–FCCC/PA/CMA/2021/7/Add.1.

<sup>3</sup> See decision 3/CP.24, para. 7.

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scaling up climate finance from 2014 to 2020 in accordance with decision 3/CP.19, paragraph 10, and takes note of the compilation and synthesis thereof;<sup>4</sup>

15. *Notes* the summary reports on the 2019 and 2020 in-session workshops on long-term climate finance,<sup>5</sup> in particular discussions on progress in mobilizing and scaling up climate finance held by the Presidency of the Conference of the Parties at its twenty-sixth session, and invites Parties and relevant institutions to consider the key messages contained therein;

16. *Notes* with appreciation the note by the Presidency of the twenty-fourth session of the Conference of the Parties on the third biennial high-level ministerial dialogue on climate finance,<sup>6</sup> particularly the key messages contained therein;

17. *Welcomes* the deliberations at the fourth high-level ministerial dialogue on climate finance and looks forward to the summary to be prepared by the Presidency of the Conference of the Parties at its twenty-sixth session;

18. *Decides* that continued discussions on long-term climate finance will conclude in 2027;

19. *Requests* the Standing Committee on Finance to prepare a report in 2022 on progress towards achieving the goal of mobilizing jointly USD 100 billion per year to address the needs of developing countries in the context of meaningful mitigation actions and transparency on implementation, taking into account the Climate Finance Delivery Plan<sup>7</sup> and other relevant reports, for consideration by the Conference of the Parties at its twenty-seventh session, and to continue to contribute to assessing the achievement of the goal in the context of the preparation of its biennial assessment and overview of climate finance flows;

20. *Decides* to convene biennial high-level ministerial dialogues on climate finance in 2022, 2024 and 2026 and requests the Presidency of the Conference of the Parties to summarize the deliberations at the dialogues for consideration by the Conference of the Parties in the year thereafter;

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<sup>4</sup> FCCC/CP/2019/INF.1.

<sup>5</sup> FCCC/CP/2019/4 and FCCC/CP/2021/6.

<sup>6</sup> FCCC/CP/2019/7.

<sup>7</sup> See <https://ukcop26.org/wp-content/uploads/2021/10/Climate-Finance-Delivery-Plan-1.pdf>.

21. *Invites* the Presidency of the twenty-seventh session of the Conference of the Parties to organize the high-level ministerial dialogue on climate finance in 2022 on the progress and fulfilment of the goal of mobilizing jointly USD 100 billion per year by 2020;

22. *Reiterates* that the secretariat, in collaboration with the operating entities of the Financial Mechanism, United Nations agencies and bilateral, regional and other multilateral channels, will continue to explore ways and means to assist developing country Parties in assessing their needs and priorities in a country-driven manner, including their technological and capacity-building needs, and in translating climate finance needs into action;<sup>8</sup>

23. *Takes* note of the estimated budgetary implications of the activities to be undertaken by the secretariat referred to in paragraphs 20 and 22 above;

24. *Requests* that the actions of the secretariat called for in this decision be undertaken subject to the availability of financial resources.

*12<sup>th</sup> plenary meeting  
13 November 2021*

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<sup>8</sup> See decision 6/CP.23, para. 10.

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## Decision 5/CP.26

(FCCC/CP/2021/12/Add.1)

### Matters relating to the Standing Committee on Finance

*The Conference of the Parties,*

*Recalling Articles 4 and 11 of the Convention,*

*Also recalling decisions 12/CP.2, 12/CP.3, 1/CP.16, paragraph 112, and 2/CP.17, paragraphs 120–121, 5/CP.18, 5/CP.19, 7/CP.19, 6/CP.20, 6/CP.21, 8/CP.22, 7/CP.23, 8/CP.23, 4/CP.24, 11/CP.25 and 5/CMA.2,*

*Taking note of decision 10/CMA.3,*

1. Welcomes the 2020 and 2021 reports of the Standing Committee on Finance;<sup>1</sup>

#### I. Fourth (2020) Biennial Assessment and Overview of Climate Finance Flows

2. Welcomes the fourth (2020) Biennial Assessment and Overview of Climate Finance Flows of the Standing Committee on Finance,<sup>2</sup> in particular the summary,<sup>3</sup> and endorses its key findings, as contained in annex I;

3. Notes that global climate finance flows were 16 per cent higher in 2017–2018 than in 2015–2016, reaching an annual average of USD 775 billion; the 2017–2018 annual average of public financial support reported by Parties included in Annex II to the

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<sup>1</sup> FCCC/CP/2020/4–FCCC/PA/CMA/2020/3 and FCCC/CP/2021/10–FCCC/PA/CMA/2021/7.

<sup>2</sup> Standing Committee on Finance. 2021. *Fourth (2020) Biennial Assessment and Overview of Climate Finance Flows*. Bonn: UNFCCC. Available at [https://unfccc.int/sites/default/files/resource/54307\\_1%20-%20UNFCCC%20BA%202020%20-%20Report%20-%20V4.pdf](https://unfccc.int/sites/default/files/resource/54307_1%20-%20UNFCCC%20BA%202020%20-%20Report%20-%20V4.pdf).

<sup>3</sup> FCCC/CP/2021/10/Add.1–FCCC/PA/CMA/2021/7/Add.1.

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Convention in their biennial reports<sup>4</sup> (USD 48.7 billion) represents an increase of 2.7 per cent from the annual average reported for 2015–2016; the annual average of climate finance from multilateral development banks' own resources to developing countries and emerging economies (USD 36.6 billion) represents a 50 per cent increase since 2015–2016; and UNFCCC funds and multilateral climate funds approved USD 2.2 billion and USD 3.1 billion for climate finance projects in 2017 and 2018, respectively;

4. *Welcomes* the improved granularity of data in the fourth (2020) Biennial Assessment and Overview of Climate Finance Flows and *encourages* developed country Parties and climate finance providers, as well as multilateral and financial institutions, private finance providers and other relevant institutions, to continue to enhance the availability of granular, country-level data on mitigation and adaptation finance;

5. *Calls upon* developed country Parties and other climate finance providers to continue to enhance the harmonization of methodologies for tracking and reporting climate finance provided and mobilized;

6. *Recognizes* the fact that there is no multilaterally agreed definition of climate finance, *notes* the submissions received in response to decisions 11/CP.25 and 5/CMA.2, which highlighted that some Parties noted how the lack of a common definition impacts the ability to track and assess climate finance, while other Parties mentioned that a single definition would not be useful, and *also notes* that the operational definitions in use generally reflect a common understanding of what is considered mitigation and adaptation finance;

7. *Requests* the Standing Committee on Finance to continue its work on definitions of climate finance, taking into account the submissions received from Parties on this matter, with a view to providing input for consideration by the Conference of the Parties at its twenty-seventh session (November 2022);

8. *Invites* the operating entities of the Financial Mechanism and other institutions providing climate finance to consider the operational definitions of climate finance of the Standing Committee

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<sup>4</sup> Reports submitted as at October 2020.



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on Finance with a view to ensuring that finance provided addresses the needs of developing country Parties, while respecting their existing policies;

9. *Welcomes* the mapping of the information relevant to Article 2, paragraph 1(c), of the Paris Agreement in the fourth (2020) Biennial Assessment and Overview of Climate Finance Flows and *takes note* of the key findings of the report, including that banks representing over USD 37 trillion in assets and institutional investors with USD 6.6 trillion in assets have pledged to align their lending and investments with net zero emissions by 2050;

10. *Encourages* Parties to ensure that just transition financing is incorporated into approaches to align climate action with the goals of the Paris Agreement;

## **II. First report on the determination of the needs of developing country Parties related to implementing the Convention and the Paris Agreement**

11. *Welcomes* the first report on the determination of the needs of developing country Parties related to implementing the Convention and the Paris Agreement<sup>5</sup> of the Standing Committee on Finance, in particular the executive summary,<sup>6</sup> and *endorses* its key findings and recommendations, as contained in annex II;

12. *Notes* that nationally determined contributions from 153 Parties included 4,274 needs, with 1,782 costed needs identified across 78 nationally determined contributions, cumulatively amounting to USD 5.8–5.9 trillion up until 2030, and that, although developing country Parties identified more adaptation needs than

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<sup>5</sup> Standing Committee on Finance. 2021. *First report on the determination of the needs of developing country Parties related to implementing the Convention and the Paris Agreement*. Bonn: UNFCCC. Available at <https://unfccc.int/topics/climate-finance/workstreams/determination-of-the-needs-of-developing-country-parties/first-report-on-the-determination-of-the-needs-of-developing-country-parties-related-to-implementing>.

<sup>6</sup> FCCC/CP/2021/10/Add.2–FCCC/PA/CMA/2021/7/Add.2.

mitigation needs, more costs were identified for the latter, which may not imply that mitigation needs are greater but rather that there is a lack of available data, tools and capacity for assessing adaptation needs;

13. *Also notes* that the first report on the determination of the needs of developing country Parties related to implementing the Convention and the Paris Agreement is the first of its kind, with important areas that will need to be further developed;

14. *Further notes* that the first report on the determination of the needs of developing country Parties related to implementing the Convention and the Paris Agreement does not fully cover the needs and costs of developing countries and all regions as a result of limited availability of information and *acknowledges* that financial and technical support will enhance developing countries' abilities to update the reporting of qualitative and quantitative information and data on their needs;

15. *Expresses its concern* that the first report on the determination of the needs of developing country Parties related to implementing the Convention and the Paris Agreement does not have disaggregated data for small island developing States;

16. *Emphasizes* that there is a particular challenge in deriving cost estimates for climate adaptation and enhancing resilience needs and, in this context, deriving cost estimates for averting, minimizing and addressing loss and damage needs;

17. *Encourages* developing country Parties to consider the insights into methodologies identified in the first report on the determination of the needs of developing country Parties related to implementing the Convention and the Paris Agreement when costing and determining needs;

18. *Invites* the operating entities of the Financial Mechanism, United Nations agencies, multilateral and bilateral financial institutions, and other relevant institutions to make use of the information contained in the first report on the determination of the needs of developing country Parties related to implementing the Convention and the Paris Agreement when supporting developing country Parties in identifying and costing needs;

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19. *Requests* the Standing Committee on Finance, in preparing future reports on the determination of the needs of developing country Parties related to implementing the Convention and the Paris Agreement, to continue to reach out to developing country Parties and relevant developing country stakeholders when generating data and information on needs;

### III. Report of the Standing Committee on Finance

20. *Expresses its appreciation* to the Governments of Belgium, Japan and Norway and to the European Commission for their financial contributions to support the work of the Standing Committee on Finance;

21. *Endorses* the workplan of the Standing Committee on Finance for 2022<sup>7</sup> and *underlines* the importance of the Standing Committee on Finance focusing its work in 2022 in accordance with its current mandates;

22. *Endorses* the outline of the technical report of the fifth Biennial Assessment and Overview of Climate Finance Flows of the Standing Committee on Finance and *underscores* that this report will continue to contribute to assessing the achievement of the goal of mobilizing jointly USD 100 billion per year by 2020 in the context of meaningful mitigation action and transparency on implementation, in accordance with decision 1/CP.16;<sup>8</sup>

23. *Notes* the high-level summary report of the first part of the 2021 Forum of the Standing Committee on Finance on finance for nature-based solutions carried out in a hybrid format on 15 and 16 October 2021 and *requests* the Standing Committee on Finance to organize the second part of the Forum in 2022, subject to health and safety considerations arising from the coronavirus disease 2019 pandemic;

24. *Notes* that the Standing Committee on Finance was not able to produce draft guidance to the operating entities of the Financial Mechanism and that it has not agreed on recommendations from the fourth (2020) Biennial Assessment and Overview of Climate

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<sup>7</sup> FCCC/CP/2021/10–FCCC/PA/CMA/2021/7, annex II.

<sup>8</sup> FCCC/CP/2021/10/Add.5–FCCC/PA/CMA/2021/7/Add.5.

Finance Flows, and in this regard *requests* the Committee to improve its working modalities;

25. *Notes with appreciation* the efforts of the Standing Committee on Finance in enhancing engagement with stakeholders in the context of its workplan;

26. *Encourages* the Standing Committee on Finance to continue to enhance its efforts towards ensuring gender-responsiveness in implementing its workplan;

27. *Requests* the Standing Committee on Finance to report to the Conference of the Parties at its twenty-seventh session on its progress in implementing its 2022 workplan;

28. *Also requests* the Standing Committee on Finance to consider the guidance provided to it in other relevant decisions of the Conference of the Parties.

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**Annex I\*****Summary by the Standing Committee  
on Finance of the fourth (2020)  
Biennial Assessment and Overview of  
Climate Finance Flows**

[English only]

**I. Context and mandates**

1. The SCF assists the COP in exercising its functions with respect to the Financial Mechanism of the Convention, including in terms of measurement, reporting and verification of support provided to developing country Parties, through activities such as the BA. The SCF also serves the Paris Agreement in line with its functions and responsibilities established under the COP, including the BA.<sup>1</sup>

2. Since the first BA in 2014, the preparation of subsequent BAs has been guided by mandates from the COP and the CMA to the SCF.<sup>2</sup>

3. **The fourth (2020) BA presents an updated overview and trends in climate finance flows up until 2018 and assesses their implications for international efforts to address climate change.** The fourth BA includes an overview of climate finance flows from developed to developing countries,<sup>3</sup> and available information on domestic climate finance, cooperation among developing countries and

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\* For a list of acronyms and abbreviations, see document FCCC/CP/2021/10/Add.1–FCCC/PA/CMA/2021/7/Add.1.

<sup>1</sup> Decisions 2/CP.17, para. 121(f); and 1/CP.21, para. 63.

<sup>2</sup> Decisions 1/CP.18, para. 71; 5/CP.18, para. 11; 3/CP.19, para. 11; 8/CP.22, annex, para. 37(f); 4/CP.24, paras. 4, 5, and 10; and 19/CMA.1, para. 36(d).

<sup>3</sup> For the purpose of the overview of climate finance in the BA, various data sources are used to illustrate flows from developed to developing countries, without prejudice to the meaning of those terms in the context of the Convention and the Paris Agreement, including but not limited to Annex II/Annex I Parties, non-Annex I Parties and MDBs; OECD members and non-OECD members; OECD DAC members and countries eligible for OECD DAC official development assistance; and other relevant classifications.

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other climate-related flows that constitute global climate finance. It assesses the key features of climate finance flows, including their composition and purposes, and explores insights into their effectiveness, access to finance, country ownership, and alignment with the needs and priorities of beneficiaries, as well as their magnitude in the context of broader flows. In addition, it provides information on recent developments on methodological issues related to the tracking of climate finance at the international and domestic level, operational definitions of climate finance in use and new indicators for measuring the impact of climate finance.

4. **The fourth (2020) BA includes mapping of information relevant to the long-term goal outlined in Article 2, paragraph 1(c), of the Paris Agreement on making finance flows consistent with a pathway towards low GHG emission and climate-resilient development.** The fourth BA provides the first mapping exercise, to be conducted every four years, to identify the latest actions and activities of different actors related to making finance flows consistent with low GHG emission and climate-resilient development pathways, including national Governments, development finance institutions, central banks and regulators, multilateral finance institutions, and climate funds, as well as private sector actors such as corporations, banks and investors. Information produced by United Nations entities and initiatives, and under other multilateral processes, as well as the perspective of civil society organizations and the academic community, was also explored. Emerging methodologies, indicators and data sets to support tracking the consistency of finance flows are also discussed in respective chapters of the technical report (see para. 5 below).

5. The fourth BA comprises this summary, prepared by the SCF, and a technical report, prepared by experts under the guidance of the SCF drawing on information and data from a range of sources. It was subject to extensive stakeholder input and expert review, but remains a product of the external experts.

## II. Challenges and limitations

6. The fourth BA provides an updated overview of climate finance flows in 2017–2018, along with data on trends in 2011–2016 compiled from previous BA reports where applicable. Due diligence has been undertaken to use the best information available from the most credible

sources. In compiling estimates, efforts have been made to ensure that they are based on activities in line with the convergence of operational definitions of climate finance identified in the first BA and to avoid double counting by focusing on primary finance, which is finance for a new physical item or activity. Challenges were nevertheless encountered in collecting, aggregating and analysing information from diverse sources.

7. **Data uncertainty:** Most of the uncertainties associated with each source of data which have different underlying causes identified in the previous BAs persist, although there have been some improvements. Uncertainties relating to the data on domestic public investments result from the lack of geographical coverage and differences in the way tracking methods are applied, as well as significant changes in the methods used for estimating investment in energy efficiency and sustainable transport over time. Uncertainties also arise from the lack of transparency of data for determining private climate finance; the methods used for estimating adaptation finance; differences in the assumptions used in underlying formulas for attributing finance from MDBs to developed countries; the classification of sustainable or green finance; and the incomplete data on non-concessional finance flows.

8. **Data gaps:** Significant gaps in the coverage of sectors and sources of climate finance remain, particularly with regard to private investment, and adaptation and resilience. While estimates of incremental investment in energy efficiency have improved, understanding of the public and private sources of finance and the financial instruments used remains inadequate. For data on sustainable transport, efforts have been made to improve coverage of public and private investment in electric vehicles and charging infrastructure. However, high-quality data on private investments in sustainable agriculture, forestry and land use, water, waste, and adaptation and resilience are particularly lacking. Specifically, adaptation finance estimates, which are context-specific and incremental, are difficult to compare with mitigation finance estimates, and more work is needed on estimating climate-resilient investments.

9. In relation to mapping information relevant to Article 2, paragraph 1(c), of the Paris Agreement, the lack of a common interpretation of or guidelines on what information qualifies as relevant presents a challenge in adequately capturing the scope and depth of related action. For the fourth BA an actor-specific mapping approach

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was adopted, as opposed to focusing on particular financial instruments, asset classes, or categories of action, in order to capture what financial sector actors consider to be relevant information on activities to be consistent with or align with the goals of the Paris Agreement. Such mapping may be non-exhaustive and limited in terms of representation across geographic areas and sectors. It may also obscure the role of actors that work across multiple categories. Given that a significant amount of information considered relevant is to be derived from multiple-member initiatives and coalitions, due to potential benefits of network effects, focusing on these groups may limit the mapping of information from individual cases that may be considered best practice or leading examples. Furthermore, there is a limited track record and limited in-depth information related to implementing activities consistent with or that align with the Paris Agreement that might enable a thorough assessment of their effectiveness, and therefore their relevance, in achieving the goal outlined in Article 2, paragraph 1(c).

10. The limitations outlined above need to be taken into consideration when deriving conclusions and policy implications from the fourth BA. The SCF will continue to contribute, through its activities, to the progressive improvement of the measurement, reporting and verification of climate finance in future BAs, to help address these challenges.

### III. Key findings

#### A. Methodological issues related to transparency of climate finance

11. **Improvements in the consistency of reporting on climate finance under the Convention are observed.** Progress regarding the consistency of climate finance reporting was observed in the BR4 common tabular format submissions from Annex II Parties and the provision of qualitative information in the documentation boxes of those tables or in the BRs. One improvement relates to the reporting by type of support, with Parties reporting only on mitigation, adaptation and cross-cutting categories, without including other types of support. Nevertheless, improvements in aggregating geographic or sector-based information remains limited owing to differences in the approaches used by Parties and the functionality of the reporting system to allow



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differences in reporting. Several Parties referred to ongoing work to resolve challenges related to reporting on private finance mobilized by public interventions.

12. Data coverage and granularity of reporting on climate finance received in the BURs of non-Annex I Parties has improved since the previous BA. Nineteen Parties have submitted a BUR for the first time since the previous BA, in addition to a further 27 Parties submitting second or third BURs. The proportion of BURs that include information on finance received rose from approximately 60 per cent in 2014 to over 90 per cent in 2019–2020. A total of 41 Parties have provided quantitative information on climate finance received at the project or activity level in tabular format. Many differences remain in the approaches Parties used for reporting, including time periods of reported data and information on types of support, sectors and financial instruments. Several Parties included additional information in their second and third BURs on whether a project is linked to capacity-building, technology development and transfer, or technical assistance.

13. **Availability of domestic public climate finance data is increasing, with more countries establishing climate budget tagging systems.** Notable improvements were observed in the tracking of domestic climate-related public or private finance flows, with the issuance of green sovereign bonds incentivizing the establishment of regular tracking systems in both developed and developing countries, building on previous work through CPEIRs. Thirteen countries have established tracking systems for national budgets, with a further five countries developing tracking methodologies. In total, estimates of domestic public expenditures on climate change in 2017–2018 amount to approximately USD 86.6 billion (see chap. III.B below).

14. **Operational definitions of climate finance in use generally reflect a common understanding of what is considered mitigation or adaptation finance, but differ on the details of sector-specific activities, certain financial instruments and approaches to public and private finance flows.** Operational definitions of climate finance in use have evolved over time. The MDB list of activities eligible for classification as mitigation finance includes charging stations for electric vehicles and hydrogen or biofuel fuelling since 2017 and resource efficiency in aquaculture since 2018, while OECD DAC integrated adjustments to adaptation finance eligibility criteria in 2016 to harmonize with a stepwise approach developed by MDBs.

15. The lists of climate mitigation activities developed by MDBs have served in part to inform green or climate-aligned taxonomies in recent years to support the development of the green bond market and/or regulatory efforts in the field of sustainable finance to combat greenwashing and promote the standardization of financial products. Approaches to defining mitigation and adaptation activities are broadly consistent across various international organizations and regulatory initiatives, although inclusion and exclusion lists and approaches to the criteria used to define such activities can vary.

16. Parties' submissions on operational definitions of climate finance in use highlighted a range of views on the need for, and on the form and scope of, a common definition of climate finance. Some Parties noted that a single definition would not be useful, or should be broad enough to cater for the dynamic and evolving nature of climate finance due to a variety of factors, including NDCs and implementation of the enhanced transparency framework over time, ways of tracking progress related to Article 2, paragraph 1(c), of the Paris Agreement, and changes in methodologies and definitions for mitigation and adaptation due to data availability or improvements in processes and knowledge.

17. Some Parties pointed to the use of a classification system or taxonomy rather than a single definition and referred to the development of taxonomies or classifications outside the UNFCCC process or within national sustainable finance frameworks.

18. Other Parties noted how the lack of a common definition affects the ability to track and assess the fulfilment of the obligations of Annex II Parties under the Convention and those of developed country Parties under the Paris Agreement. A common definition could support the preparation of the BA and the overall transparency and effectiveness of the UNFCCC process by highlighting the link between the level of action of developing countries and the level of support provided and, ultimately, the achievement of the objectives of the Convention and the Paris Agreement. In this context, two submissions included a proposal for an operational definition of climate finance, while other submissions included a proposal for an operational approach to achieving greater convergence among definitions over time, based either on common principles or responses to a common set of questions to provide granular information.

19. **More methodologies on measuring outcomes of financing for climate resilience have emerged in recent years.** Many multilateral

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institutions are in the process of developing or have already developed frameworks for measuring impacts, with an increasing focus on adaptation and resilience, such as the Resilience Rating System by the World Bank Group and the Climate Resilience Metrics Framework by MDBs and IDFC. Although approaches to measuring impacts of climate finance vary, most multilateral institutions, as well as bilateral contributors, use a similar set of mitigation and adaptation indicators.

**20. There are four common decision points identified in emerging methodologies and metrics in use for tracking consistency with low GHG emission and climate-resilient development pathways.** As with tracking climate finance, emerging methodologies relevant to tracking consistency with the long-term goal under Article 2, paragraph 1(c), of the Paris Agreement also need to overcome issues related to definitions, the scope or boundary of tracking, data availability and comparability.

21. Methods differ as to the type of finance flows, stocks and services tracked (primary or secondary markets) and the ways of measuring consistency (e.g. on the basis of GHG emissions, emissions intensity metrics or technology choices). However, the four common decision points are:

(a) Identifying a given pathway to low GHG emission and climate-resilient development against which the consistency of actions will be measured. Different pathways may be chosen relative to their consistency with low GHG emission development and mitigation goals, and to their consistency with climate-resilient development and adaptation or resilience goals. Pathways may result in compatible activity lists or performance metrics against which to measure action. In addition, the timescale used to measure consistency is important. This could be, for example, within 5 or 10 years, or by a given year, such as 2050;

(b) Reviewing the activities and actions to be tracked (e.g. investments, economic activities such as production and sales or purchasing of goods and services, policymaking, legislation and voluntary standards) that the stakeholder undertakes, which is relevant to whether the pathway will be achieved;

(c) Understanding which finance flows that go towards realizing the activities and actions should be tracked by the stakeholder;

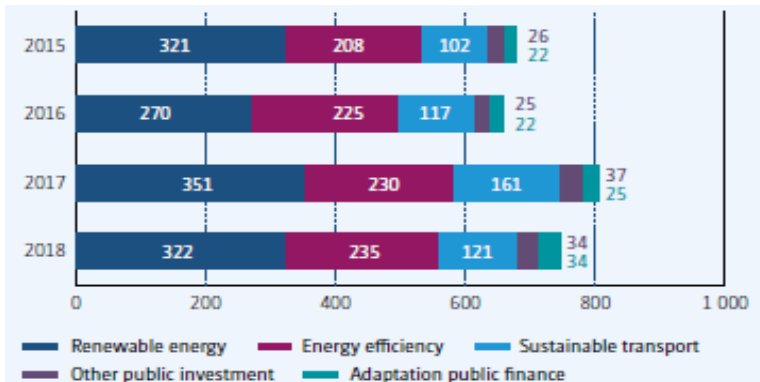
(d) Identifying which key metrics to use to assess whether finance flows and related processes result in activities and actions that are consistent with the given pathway identified during the review.

## B. Overview of climate finance flows in 2017–2018

22. **Global climate finance flows were 16 per cent higher in 2017–2018 than in 2015–2016, reaching an annual average of USD 775 billion and achieving significantly higher results, particularly in renewable energies.** High-bound climate finance estimates increased from USD 692 billion in 2016 to USD 804 billion in 2017 and USD 746 billion in 2018, for an annual average of USD 775 billion in 2017–2018. The growth in 2017 was driven largely by an increase in new private investment in renewable energy as a result of decreasing technology costs, while the decline in 2018 was due primarily to a slowdown in wind and solar investment in major markets. Figure 1 provides a breakdown of global climate finance flows in 2015–2018 by sector, and figure 2 provides an overview of global climate finance and finance flows in 2017–2018 from developed to developing countries.

Figure 1  
**Global climate finance flows in 2015–2018**

(Billions of United States dollars)



23. **Continued decreases in renewable energy technology costs mean new investment goes further.** Renewable energy technology costs continued to decline in 2017–2018 compared with those in 2015–2016, with a 29 per cent decrease for solar photovoltaics, an 18 per cent

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decrease for offshore wind and a 10 per cent decrease for onshore wind, emphasizing how greater impacts are achieved for each new dollar of investment. In 2018, 100 per cent more renewable energy capacity was commissioned than in 2012 with only a 22 per cent increase in investment.

24. For the fourth BA, several new data sources have been used to track climate finance in areas that were not previously included, such as electric vehicle charging infrastructure, transport, water, waste and municipal investments. Where possible, the data have been integrated in the time series retroactively to allow for trend comparisons.

25. **Climate finance from developed to developing countries increased through various channels.** Total public financial support reported by Annex II Parties in their BRs submitted (as at October 2020) amounted to USD 45.4 billion in 2017 and USD 51.8 billion in 2018. The annual average (USD 48.7 billion) represents an increase of 2.7 per cent from the annual average reported for 2015–2016. Climate-specific financial support, which accounts for up to three fourths of the financial support reported in the BRs, increased by 13 per cent on a comparable basis to an annual average of USD 36.3 billion. Most climate-specific financial support was reported through bilateral, regional and other channels, with USD 28.1 billion in 2017 and USD 31.8 billion in 2018.

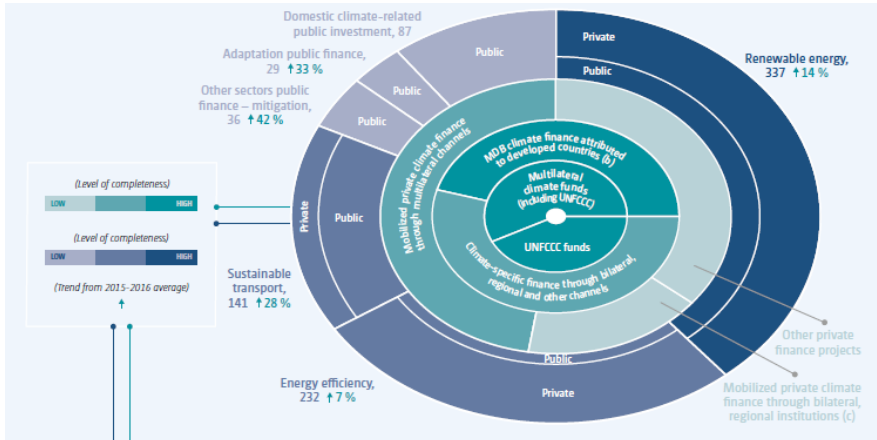
26. Mitigation finance constitutes the largest share of climate-specific financial support through bilateral channels at 64 per cent. However, the share of adaptation finance increased from 15 per cent in 2015–2016 to 21 per cent in 2017–2018 as it grew at a higher rate than mitigation finance.

27. UNFCCC funds and multilateral climate funds approved USD 2.2 billion and USD 3.1 billion for climate finance projects in 2017 and 2018, respectively. The annual average for 2017–2018 (USD 2.7 billion) represents an increase of approximately 39 per cent compared with those in 2015–2016, owing primarily to increases in project approvals by the GCF Board and the GEF Council. In terms of inflows to the operating entities of the Financial Mechanism, the seventh replenishment of the GEF resulted in USD 4.1 billion in pledges and USD 802 million allocated to the climate change focal area, compared with USD 4.4 billion in total pledges and USD 1.26 billion allocated to the climate change focal area in the sixth replenishment. The first replenishment of the GCF pledging conference in 2019 amounted to

USD 9.8 billion, compared with USD 10.2 billion from the initial resource mobilization pledging conference in 2014.

Figure 2  
**Climate finance flows in 2017–2018**

(Billions of United States dollars, annualized)



		2017	2018	Sources of data and relevant section of technical report	
Global total flows	Renewable energy	Public	351.4	322.4	Section 2.2.2 CPI 2020 based on multiple sources
		Private	66.5	51.4	
	Energy efficiency	Public	284.9	271.0	Section 2.2.3 IEA Energy Efficiency Market Reports/CPI
		Private (a)	229.9	234.6	
	Sustainable transport	Public	194.2	202.3	Section 2.2.4 IEA World Energy Investment Reports/ CPI 2020 based on multiple sources
		Private	160.5	120.5	
	Other sectors public finance – mitigation	Public	118.1	70.9	Section 2.2.5 (see notes) CPI 2020 based on multiple sources
	Private	42.4	49.7		
Adaptation public finance		37.4	34.4	Section 2.2.6 CPI 2020 based on multiple sources	
Domestic climate-related public investment		24.7	34.1	Section 2.3 BURs, CPEIRs, I4CE, IDB, UNDP, various government reports	
Flows to non-Annex I Parties	UNFCCC funds	86.7	86.7	Section 2.5.2 OECD 2020a	
	Multilateral climate funds (including UNFCCC)	1.5	2.4	Section 2.5.1 Annex II Party BRs	
	Climate-specific finance through bilateral, regional and other channels	2.2	3.1	Section 2.5.2 OECD 2020a	
	MDB climate finance attributed to developed countries (b)	28.1	31.8	Section 2.5.4 OECD 2020a	
	Mobilized private climate finance through multilateral channels	24.1	25.8	Section 2.5.4 CPI 2020 based on multiple sources	
	Mobilized private climate finance through bilateral, regional institutions (c)	10.8	10.8		
Other private finance projects	3.7	3.8			
	5.3	11.0			

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*Notes:* (1) Value discounts transport energy efficiency estimates by 8.5 per cent to account for overlap with electric vehicle estimates, same as in previous years. (2) From Annex II to non-Annex I Parties. Values derived from calculating attributed shares of Annex II Parties per MDB multiplied by the climate finance provided to non-Annex I Parties from MDBs' own resources. (3) Estimates include private finance mobilized through public interventions from developed countries.

28. MDBs provided USD 34 billion and USD 42 billion in climate finance from their own resources to developing and emerging economies in 2017 and 2018, respectively. The annual average (USD 36.6 billion) represents a 50 per cent increase since 2015–2016. The attribution of these flows to developed countries is calculated at between USD 23.3 billion to USD 24.1 billion in 2017 and USD 25.8 billion to 28.0 billion in 2018.

29. The uncertainty of the data on the geographic sources and destinations of private finance flows to developing countries remains significant. OECD estimates that private climate finance mobilized by developed countries through bilateral and multilateral channels amounted to USD 14.5 billion in 2017 and USD 14.6 billion in 2018.

30. Information on the recipients of climate finance remains limited. The increase in BUR submissions from non-Annex I Parties has resulted in a greater amount of information on finance received than for previous BAs. However, time lags in data availability for reporting make it difficult to provide updated or complete information on finance received in 2017–2018. Of the 63 Parties that had submitted BURs as at December 2020, 28 included some information on climate finance received in 2017 or 2018. In total, USD 7.8 billion was reported as received for projects starting in 2017 and USD 2 billion for projects starting in 2018. A total of 23 Annex II Parties included information on recipients of finance at either the country or project level in their BR4s.

31. **South–South climate finance flows have increased, but data availability and coverage remain limited.** While data availability and coverage of climate finance flows between developing countries remain limited, it is a growing area of global climate finance flows. Several countries voluntarily report to standardized reporting systems such as OECD DAC. Up to 20 development finance institutions that are IDFC members are based in non-OECD countries, and MDBs led by developing countries such as the Asian Infrastructure Development Bank and the New Development Bank continue to increase finance flows. Estimates of South–South climate finance flows amounted to

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USD 17.8 billion to USD 18.0 billion in 2017 and USD 18.0 billion to USD 18.2 billion in 2018.

## C. Assessment of climate finance flows

32. Trends in public concessional climate finance, including bilateral flows, multilateral climate funds and funds from MDBs, point to increasing flows towards developing countries from multilateral sources, while bilateral climate finance flows have stagnated.

33. **Support for mitigation remains greater than support for adaptation.** Adaptation finance has remained at between 20 and 25 per cent of committed concessional finance across all sources (noting measurement differences), showing little movement since the previous BA (see the table below). However, the continued rise in public climate finance flows contributing towards both adaptation and mitigation complicates this assessment. The rise is most obvious in flows from multilateral climate funds and through bilateral channels. While the GCF allocates climate finance for projects in this cross-cutting category to adaptation or mitigation, not all institutions do so in their programming or reporting. This makes it more difficult to track progress in scaling up adaptation finance and ultimately achieving balance between finance for adaptation and mitigation objectives.

34. **Grants continue to be a key instrument for adaptation finance.** In 2017–2018 grants accounted for 64 and 94 per cent of the face value of bilateral adaptation finance reported to OECD and of adaptation finance from multilateral climate funds, respectively (see the table below). During the same period, 9 per cent of adaptation finance flowing through MDBs was grant-based. These figures indicate no change since 2015–2016. Mitigation finance remains less concessional in nature, with 30 per cent of bilateral flows, 29 per cent of multilateral climate fund approvals and 3 per cent of MDB investments taking the form of grants. These figures, however, may not fully capture the added value brought by combining different types of financial instruments, or technical assistance with capital flows, which can often lead to greater innovation or more sustainable implementation.



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 Characteristics of international public climate finance flows in 2017–2018
 

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	Annual average <i>e</i> (USD billion)	Area of support				Financial instrument		
		Adaptation	Mitigation	REDD+ <sup>a</sup>	Cross-cutting	Grants	Concessional loans	Other
Multilateral climate funds <sup>b</sup>	2.7	20%	48%	5%	27%	53%	40%	8%
Bilateral climate finance <sup>c</sup>	29.9	21%	65%	–	15%	64%	36%	<1%
MDB climate finance <sup>d</sup>	39.2	25%	75%	–	–	5%	75%	20%

*Note:* All values based on approvals and commitments.

<sup>a</sup> In decision 1/CP.16, para. 70, the Conference of the Parties encouraged developing country Parties to contribute to mitigation actions in the forest sector by undertaking the following activities: reducing emissions from deforestation; reducing emissions from forest degradation; conservation of forest carbon stocks; sustainable management of forests; and enhancement of forest carbon stocks.

<sup>b</sup> Including: Adaptation for Smallholder Agriculture Programme, Adaptation Fund, Bio Carbon Fund, Clean Technology Fund, Forest Carbon Partnership Facility, Forest Investment Program, Global Climate Change Alliance, GCF, GEF Trust Fund, Least Developed Countries Fund, Partnership for Market Readiness, Pilot Programme for Climate Resilience, Scaling Up Renewable Energy Program, Special Climate Change Fund and United Nations Collaborative Programme on Reducing Emissions from Deforestation and Forest Degradation in Developing Countries.

<sup>c</sup> Bilateral climate finance data are sourced from Annex II Parties' BRs (that further include regional and other channels) for the annual average and thematic split. The financial instrument data are taken from data from OECD DAC, referring only to concessional flows of climate-related development assistance reported by OECD DAC members. In section C of the summary and chap. III of the technical report, "bilateral finance" refers only to concessional flows of climate-related development assistance reported by OECD DAC members.

<sup>d</sup> The annual average and thematic split of MDBs includes their own resources only, while the financial instrument data include data from MDBs and from external resources, owing to the lack of data disaggregation.

35. With regard to the geographic distribution of public concessional climate finance, Asia remains the principal beneficiary region. In 2017–2018 the region received on average 30 per cent of funding commitments from bilateral flows, multilateral climate funds and MDBs. Sub-Saharan Africa received an average of 24 per cent of commitments across the sources in the same period, followed by Latin America and the Caribbean with 17 per cent and the remainder going to the Middle

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East and North Africa; Central, Eastern and South-Eastern Europe; the South Caucasus; and Central Asia.

36. The LDCs and SIDS are particularly vulnerable to the adverse effects of climate change. Article 9 of the Paris Agreement emphasizes the importance of the provision of scaled-up financial resources to these countries. In 2017–2018 funding committed to projects in the LDCs represented 22 per cent of bilateral flows and 24 per cent of finance approved through multilateral climate funds. Funding committed to SIDS represented 2 per cent of bilateral finance and 10 per cent of finance approved through multilateral climate funds. Of the finance provided to the LDCs and SIDS, the amount targeting adaptation fell slightly in 2017–2018, although the shares remained stable overall. MDBs channelled 11 per cent of their climate finance to the LDCs and 3 per cent to SIDS. As in previous years, adaptation finance as a share of all climate finance to these countries was significantly higher than that of the overall climate finance spending by MDBs.

37. **In 2017–2018, there continued to be a push to diversify modalities of access to climate finance.** In a 2019 survey of 105 respondents from 45 developing countries, 73 per cent identified finance from multilateral climate funds as the most challenging source of finance to access compared with private finance (62 per cent), MDBs and development finance institutions (30 per cent) and bilateral sources (17 per cent). Institutions in developing countries are increasingly able to meet fiduciary and environmental and social safeguards requirements for accessing funds. Data show a continued increase in the number of national implementing entities of multilateral climate funds as well as an increase in the accreditation of civil society and private entities, with both trends largely driven by the GCF. Significant shares of climate finance approvals from multilateral climate funds are programmed through multilateral accredited and implementing entities.

38. The management of climate finance, as well as the development and implementation of projects that it supports, necessarily entails costs. Often recovered through mechanisms such as administrative budgets and implementing agency fees, the degree of such costs varies across institutions by nature of their different approaches and delivery models. In 2017–2018, major multilateral climate funds spent USD 217 million on administration costs, while implementing entity fees amounted to USD 231 million. In general, the administration costs of climate finance management have tended to decrease over time. The alignment of

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administrative functions between funds (e.g. the GEF administration of the Least Developed Countries Fund and the Special Climate Change Fund) can streamline management and disbursement mechanisms. This is essential in order to retain the trust that contributors and beneficiaries place in the funds. However, it must be balanced by the above-mentioned rise in implementing entities and associated costs.

39. The capacity of institutions to make strategic choices to use climate finance has long been recognized as important. Both the Adaptation Fund and the GCF have developed readiness programmes, supporting countries to plan for, access and deliver climate finance. Together these funds have approved over USD 285 million in readiness support. The GEF has instead incorporated capacity-building objectives into existing project funding through “enabling activities”. Reviews of these programmes have endorsed the use of readiness support to build all aspects of the capacity required to mobilize finance for climate action, rather than a focus on supporting access to multilateral climate funds.

40. **Ownership over the end use of climate finance flows remains a critical factor in its effectiveness.** The broad concept of ownership encompasses the consistency of climate finance with national priorities, the degree to which national systems are used for both spending and tracking, and the engagement of a wide range of stakeholders. Financial needs are being increasingly articulated, but to date lack sufficient comparability of methods, including for costs, time frames and assumptions, in order to make an accurate assessment of the alignment of climate finance provision with such needs. Ministries of finance and planning are strengthening their commitments to engage in climate change planning, with national-level institutions playing a greater role through domestic tracking, monitoring and verification of climate finance.

41. **Impact reporting systems and practices for climate finance are maturing.** Mechanisms for monitoring the impact of climate finance may be relevant for the implementation of the enhanced transparency framework. While the reporting of results is slowly improving under multilateral climate funds, MDBs do not include information on mitigation and adaptation outcomes in their joint reports and bilateral contributors have varied approaches to reporting on impacts. Emission reduction remains the primary impact metric for climate change mitigation, while adaptation impact continues to be

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measured primarily in terms of the number and type of people that benefit from projects. It remains difficult to accurately assess the quality of the impacts (i.e. outcomes) achieved, given that they are being presented in a multitude of formats and over varying timescales and are hard to verify.

42. **A number of decisions have strengthened the way in which gender issues are addressed in the UNFCCC process.** Gender-responsive public finance is likely to be more effective and efficient. Multilateral climate funds have been front runners in mainstreaming gender considerations in governance and operations. Those under the Financial Mechanism now have a mandate to include information on gender considerations in their annual reports to the COP. While advances are being made, there is scarce information on gender-responsive budgeting, suggesting that work remains to be done in integrating gender considerations on the ground.

43. **The drivers of climate finance flows can consist of both demand- and supply-side actions but may differ in terms of mitigation or adaptation objectives.** For mitigation finance, policy targets and support mechanisms have played a major role in driving climate finance flows, such as in the role of long-term fixed prices in supporting renewable energy deployment and more recently purchasing incentives for electric vehicles and bans on the sale of new combustion engine vehicles in the long term. Cross-cutting features of enabling environments, such as currency stability of exchange rates, stability of policies and enforcement of contracts, particularly in driving finance towards sustainable land use, and maintenance of political will and support, have also proven to be significant drivers.

44. For adaptation finance, the role of national plans, standards and institutions takes on more importance in driving finance flows than may be the case in mitigation finance, owing to the importance of local, context-specific conditions. Building codes, design standards and disaster risk management guidelines play a role in furthering climate resilience within infrastructure and development investments. Furthermore, local and context-specific vulnerabilities require local-level data and information systems on risks to drive investment, particularly in agricultural adaptation activities.

45. **Although climate finance flows are increasing, they remain relatively small in the broader context of other finance flows, investment opportunities and costs.** Climate finance accounts for just

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a small proportion of overall finance flows, as shown in figure 3. The level of climate finance is considerably below what would be expected in view of the investment opportunities and needs that have been identified. However, although climate finance flows must obviously be scaled up, it is also important to ensure the consistency of finance flows as a whole (and of capital stock) with the long-term goals of the Paris Agreement, specifically those set out in its Article 2.

46. **Financial flows and stocks in GHG-intensive activities remain concerningly high.** Fossil fuel investments amounted globally to USD 977 billion in 2017–2018, while fossil fuel subsidies amounted to USD 472 billion in 2018. Fossil fuel corporate capital expenditure at risk of becoming stranded amounted to USD 50 billion in 2018, while investments with deforestation risks amounted to USD 43.8 billion in 2017–2018, and net agriculture subsidies amounted to USD 619 billion per year on average from 2017 to 2019. Fixed assets in sectors linked to fossil fuel systems amounted to USD 32 trillion, real estate assets at risk in 2070 amounted to USD 35 trillion, and stranded assets worth USD 20 trillion are at risk out to 2050.

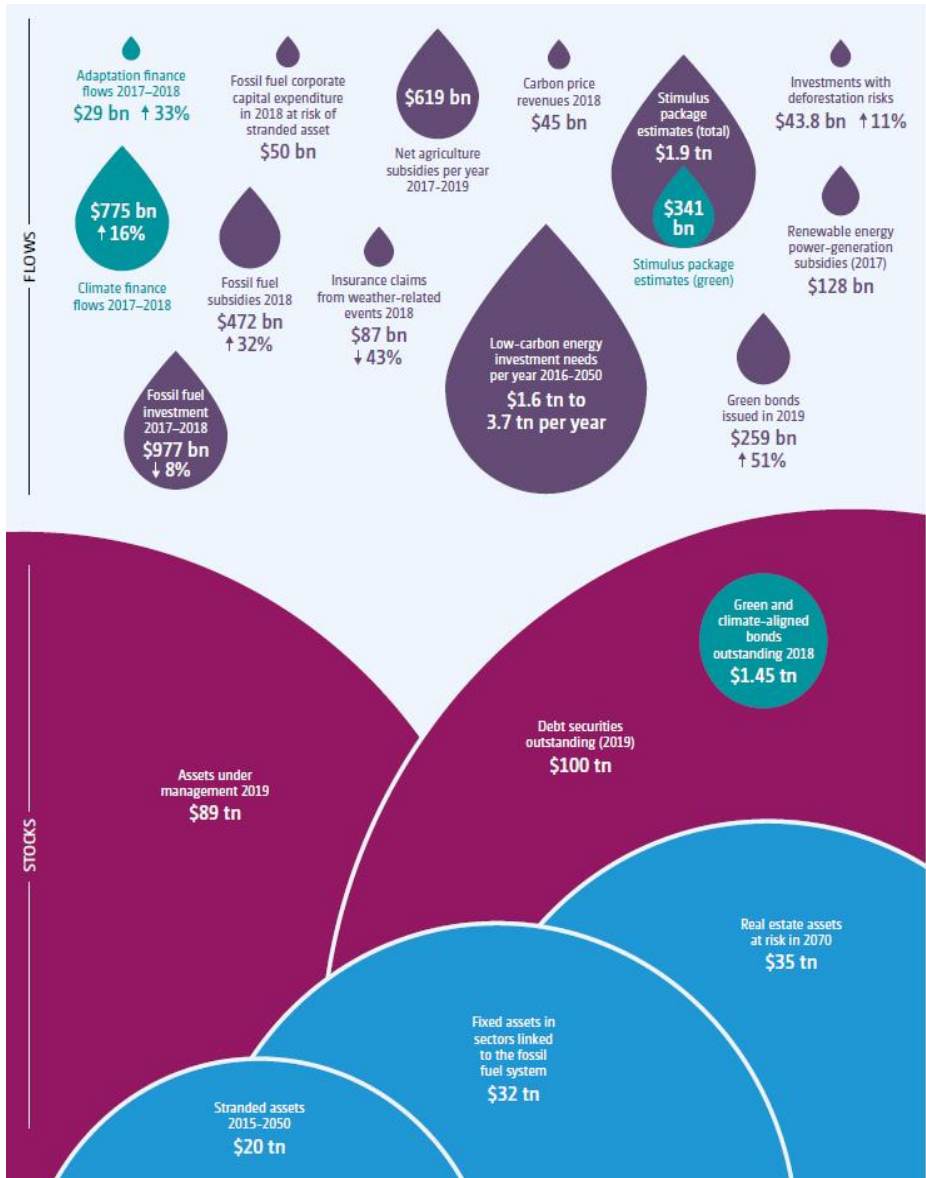
47. Given the scale and speed needed for the transformation to low GHG emission and climate-resilient development pathways, it is critical to consider climate finance flows within the context of broader finance flows. A sole focus on positive climate finance flows will be insufficient to meet the overarching objectives of the Paris Agreement. This does not mean that broader finance flows must all have explicit beneficial climate outcomes, but it does mean that they must integrate climate risks into decision-making and avoid increasing the likelihood of negative climate outcomes. Without this, the effectiveness of climate finance flows can be called into question or even negated.

## **D. Mapping information relevant to Article 2, paragraph 1(c), of the Paris Agreement**

48. Article 2 of the Paris Agreement sets out three interlinked goals aimed at strengthening the global response to climate change in the context of sustainable development and efforts to eradicate poverty: (1) limiting the increase in global average temperature to well below 2 °C above pre-industrial levels and pursuing efforts to limit the increase to 1.5 °C above pre-industrial levels; (2) increasing the ability to adapt to and foster resilience against the adverse impacts of climate change; and

(3) in Article 2, paragraph 1(c), making finance flows consistent with a pathway towards low greenhouse gas emissions and climate-resilient development. Article 2 states that the Paris Agreement will be implemented to reflect equity, and the principle of common but differentiated responsibilities and respective capabilities, in the light of different national circumstances.

**Figure 3**  
**Global climate finance in the context of broader finance flows, opportunities and costs**



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49. Although there is no dedicated process for responding to the goal set out in Article 2, paragraph 1(c), some Parties have articulated policies and measures in their long-term strategies or domestic policy frameworks that speak to the goal. Furthermore, both public and private sector institutions in the financial sector have articulated in their strategies efforts to align with the Paris Agreement and the goal in Article 2, paragraph 1(c). In the absence of a common vision among Parties on what information may be relevant, the aim of the mapping exercise was to capture how their actions meet the goal in Article 2, paragraph 1(c), and therefore what they consider relevant from their perspective, and it provided a number of key insights.

**50. Significant growth in relevant initiatives has been apparent since the Paris Agreement entered into force, particularly in coalitions fostering collective commitments on climate action.** Activities relevant to Article 2, paragraph 1(c), in many instances, are found in practices, coalitions and initiatives that predate the Paris Agreement. Policy and regulatory measures on green finance have been recorded since 1980, although there has been a marked increase in such measures since the adoption of the Paris Agreement (see figure 4). This historical context is relevant as it provides evidence that even prior to adoption of the Paris Agreement, actors were developing sustainability- and climate-related financial instruments and regulations which represent foundations for action relevant to Article 2, paragraph 1(c), that is also integrated with national development goals. For example:

(a) 34 of 103 stock exchanges have sustainable bond-listing processes;

(b) Investors managing USD 90 trillion have signed on to the Principles for Responsible Investment;

(c) 53 banks, representing over USD 37 trillion in assets, which represent one fourth of global banking assets, have pledged to align their lending and investment portfolios with net zero emissions by 2050, as part of the Net Zero Banking Alliance;

(d) Over 40 institutional investors with USD 6.6 trillion in assets have pledged to align portfolios with net zero emissions by 2050, as part of the Net-Zero Asset Owner Alliance.



Figure 4

### Number of green finance policy and regulatory measures, and growth of selected initiatives since the adoption of the Paris Agreement



51. However, the Paris Agreement triggered a focusing of action whereby existing sustainability and climate-related finance initiatives sought to adopt objectives or activities that matched those of the Paris Agreement goals. At least 115 sustainability- or climate-related financial initiatives exist that claim to be either directly or indirectly associated with contributing to the goals of the Paris Agreement. The majority relate to promoting new financial instruments that address funding needs for sustainable development and climate change. A smaller pool of approximately 31 initiatives are focused on greening financial systems – for example, the TCFD, the European Union High Level Expert Group on Sustainable Finance and the NGFS.

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52. Many activities across the stakeholder mapping exercise that explicitly refer to achieving the goals of the Paris Agreement and Article 2, paragraph 1(c), in particular are executed through collective initiatives and organizations. This highlights the importance of network effects, knowledge-sharing and common goal setting. In contrast, relatively few relevant actions by national Governments are framed in the context of Article 2, paragraph 1(c). Particularly in developing countries, the ability to access international climate finance in the context of Article 9 is mentioned, as is directing domestic finance flows towards achieving NDC goals.

**53. Assessing the real-economy impact and the risk of greenwashing remains a challenge.** Efforts relevant to Article 2, paragraph 1(c), are widespread across all actors within the financial sector, with actions concentrated on defining their exposure to climate risks and the economic opportunities linked to climate response measures. However, achieving the goal in Article 2, paragraph 1(c), related to low GHG emission and climate-resilient development, set in the context of Article 2, depends on real-economy actions that reduce emissions in line with temperature goals and help to develop climate resilience. Many actors in the financial sector operate at a number of steps removed from real-economy activities, through stock or bond trading, portfolio allocations, or micro-prudential supervision, which has little direct effect on real-economy investment decisions relative to banks lending to projects, corporations approving capital expenditure plans or governments announcing support incentives. Therefore, measuring the effective role of financial actors in the context of Article 2, paragraph 1(c), is a notable topic of debate among initiatives, including which metrics are most important as indicators of success.

54. Several researchers highlight the absence of any independent critique of the motives and impacts of the numerous finance-related initiatives that have emerged since the adoption of the Paris Agreement. Such critical engagement will assist in assessing the real-economy contributions of these initiatives towards achieving consistency of finance flows and combating greenwashing in this context. Further, a plethora of initiatives offers the potential for incoherence and different levels of ambition in articulating how the goal in Article 2, paragraph 1(c), may be met.

55. The most recent initiatives include efforts of respective stakeholders to align with net zero emissions or 1.5 °C temperature rise

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pathways, with a focus on commitments for target setting and reporting, in contrast to earlier initiatives that focused on advocacy and high-level commitments.

**56. Trend towards activities with more stringent minimum requirements or mandatory regulations over voluntary activities.**

Actors are largely adopting approaches in line with their institutional mandates, geographical reach and interpretation of how climate risks and opportunities affect and benefit their operations. To date, initiatives with the widest coverage and scope among financial actors are voluntary in nature, often with non-prescriptive commitments to principles. More recently, some initiatives include mandatory implementation requirements against common timelines. Furthermore, some Governments have already signalled that mandatory exclusions or obligations are being placed on institutions, although these remain limited in number and geographical scope.

**57. More work needed to promote inclusivity and geographical representation.**

A number of initiatives relevant to Article 2, paragraph 1(c), include representation from different regions and both developed and developing countries. For private finance actors, such representation is important, and it reveals how different relative starting points, capacity and skills gaps exist within coalitions that make common commitments. Further, although a significant number of initiatives were identified, many have yet to combine networks to achieve greater effect. Of the 115 partnerships identified of relevance to supporting the goals of the Paris Agreement, with up to 5,181 constituent members, the vast majority (75 per cent) are connected to only one partnership.

58. Inclusive and broad geographic representation is even more critical among relevant initiatives targeted at public finance actors, regulators and other country-focused actors such as financial centres. In these forums, it is important to reflect the perspectives of different regions, financial systems and country priorities in how common goals are articulated, particularly as the activities of these actors support and facilitate the achievement of the goal in Article 2, paragraph 1(c), as well as their country NDCs.

**59. Pursuing consistency requires consideration of how finance targeted at GHG-intensive activities can support pathways.**

A focus on individual financing or investment decisions that are consistent with a pathway towards low GHG emission and climate-resilient development is not straightforward owing to the significant potential

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range of what pathways may be followed for achieving the broader goals in Article 2. The trend towards developing climate, green or sustainable finance taxonomies, as seen across multiple public actor initiatives, can support the identification of activities that are consistent with such pathways, but may risk excluding necessary investment in high-emission sectors or activities that can support the overall transition to such pathways. These may be in areas where activities that are consistent are not yet available at scale owing to technological innovation (e.g. steel and/or cement processes), where activities are needed to enable the transition (e.g. financing of mining activities, road building), or where financing is needed to wind down or responsibly manage the retiring of high-emission activities and transition communities away from their reliance (e.g. coal phase-out policies and subsidies).

60. Transition finance taxonomies and transition bonds are being developed for private finance actors to finance, for example, transitional activities in the context of financing just transitions, which implies projects that meet certain conditions, such as displacing more carbon-intensive options compared with industry norms; and enabling wider application or integration of less-carbon-intensive options.

**61. Further consideration of climate-resilient development pathways is necessary to complement existing approaches.** The mapped approaches include a strong focus on actions linked to achieving the goal in Article 2, paragraph 1(a), of the Paris Agreement, namely financing investments related to low GHG emissions, and to mitigating the physical and transition-related risks of shifting from high- to low-emission development trajectories. There appears to be limited evidence of the degree to which financial actors are aligning their investment mandates with climate resilience goals linked to Article 2, paragraph 1(b), of the Paris Agreement. There is a view that focusing on proper climate-related risk disclosure should result in better, more resilient investment and financing decisions as an end in and of itself, while other views have recognized the existing gaps in guidance and understanding on how to proactively engage on this element.

**62. Stakeholders may take action across a number of areas to support advancing efforts in relation to the goal in Article 2, paragraph 1(c).** These include:

(a) In public policy and finance, promoting opportunities to make sustainable recovery packages consistent with the goals of the

Paris Agreement in the short term and setting in place financial policies and regulations for achieving net zero commitments in the long term;

(b) Ensuring that just transition financing is incorporated into approaches to align action with the goals of the Paris Agreement or into classifications of consistency with those goals, including in supporting vulnerable developing countries at risk of climate impacts in gaining access to capital to support their climate-resilient development, and in supporting the shift of trade flows away from economic activities that are inconsistent with those goals;

(c) Further clarifying the differences or complementarities between climate finance related to Article 9 of the Paris Agreement and the long-term goal under Article 2, paragraph 1(c).

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## **Annex II\***

# **Executive summary of the first report on the determination of the needs of developing country Parties related to implementing the Convention and the Paris Agreement**

[English only]

## **I. Introduction**

1. The first NDR<sup>1</sup> provides an overview of qualitative and quantitative information based on available data and evidence from reports at the national, regional and global level. As such, the first NDR does not constitute an assessment of the needs of developing country Parties: the numbers of reported and costed needs are higher in the reports of some countries than of others. This does not imply that the latter have no or fewer needs; rather, this may be due to the lack of available data, tools and capacity for determining and costing needs.

## **II. Context and mandate**

2. COP 24 requested the SCF to prepare, every four years, an NDR for consideration by the COP, starting at COP 26, and the CMA, starting at CMA 3. The COP also requested the SCF to collaborate, as appropriate, with the operating entities of the Financial Mechanism, the subsidiary and constituted bodies, multilateral and bilateral channels, and observer organizations.<sup>2</sup>

3. COP 25 and CMA 2 encouraged the SCF to present, to the extent possible, disaggregated information in relation to, inter alia, mapping data availability and gaps by sector, assessing climate finance flows and presenting information on the determination of the

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\* For a list of acronyms and abbreviations, see document FCCC/CP/2021/10/Add.2–FCCC/PA/CMA/2021/7/Add.2.

<sup>1</sup> Available at <https://unfccc.int/documents/307595>.

<sup>2</sup> Decision 4/CP.24, paras. 13–14.

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needs of developing country Parties related to implementing the Convention and the Paris Agreement.<sup>3</sup> COP 25 and CMA 2 also encouraged the SCF, in implementing its strategic outreach plan, to build on existing efforts to reach out to developing country Parties and relevant developing country stakeholders when generating data and information for the determination of the needs of developing country Parties related to implementing the Convention and the Paris Agreement.<sup>4</sup>

### III. Scope and approach

#### A. Scope

4. The first NDR presents quantitative information (hereinafter referred to as costed needs) and qualitative information (hereinafter referred to as needs) on the needs of developing country Parties. Quantitative information was compiled from costed needs at the project level and those derived from economic modelling in reports at the national, regional and global level and other sources. Qualitative information was derived from descriptions of planned activities, strategic directions, national priorities and action plans in the same sources.

5. To the extent possible and on the basis of the available information, the first NDR contains an analysis and presentation of the needs of developing country Parties by time frame, geographical region, thematic area, means of implementation, and sector and subsector (chap. 2). The report reflects information and data on needs as mentioned in the national, regional and global reports. The needs are dynamically changing and may depend on different factors, such as temperature scenarios, mitigation pathways and adaptive capacity, extreme weather events, adverse effects of trade and economic barriers, and social factors such as poverty.

6. Further, the first NDR illustrates processes and approaches for determining needs (chap. 3). It also maps out available tools and methodologies for determining and prioritizing needs, including sector-specific methodologies and tools, and advantages of and challenges in applying them (chap. 4). Finally, the report highlights

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<sup>3</sup> Decisions 11/CP.25, para. 9; and 5/CMA.2, para. 9.

<sup>4</sup> Decisions 11/CP.25, para. 12; and 5/CMA.2, para. 12.

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opportunities, challenges and gaps in relation to determining needs (chap. 5).

7. The first NDR comprises an executive summary and a technical report. The executive summary was prepared by the SCF, whereas the technical report was prepared by experts under the guidance of the SCF but remains a product of the external experts. The technical report has benefited from extensive inputs from Parties and stakeholders.

## **B. Sources of information**

8. The first NDR has been compiled from reports prepared by developing country Parties, specifically those submitted to the UNFCCC, and reports developed by regional and global institutions. Such national reports include ACs, BURs, LEDS, NAPs, NAPAs, NCs, NDCs, TAPs and TNAs.

9. Further sources of information are the submissions received from Parties and non-Party stakeholders in response to the call for evidence issued by the SCF.<sup>5</sup>

## **C. Approach**

10. The technical work comprised a review of literature and sources of available information and data, and quantitative and qualitative data collection and analysis, complemented by outreach activities. Data and information were systematically collected by the technical team under the guidance of the SCF co-facilitators for the first NDR.

11. The SCF periodically considered the outputs of the technical team and the input derived from regional meetings, and provided guidance on the development of the first NDR, including during conference calls and in-person meetings.

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<sup>5</sup> See <https://unfccc.int/documents/231567>. The deadline of the call for evidence was extended to 30 October 2020, by which 34 submissions had been received. All submissions are available at <https://unfccc.int/topics/climate-finance/workstreams/needs-report/repository-of-information-on-the-needs-of-developing-country-parties>.



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12. In preparing the first NDR, the technical team noted data inconsistencies, gaps and interpretation challenges, as referred to in paragraph 59 below. Efforts were made to overcome these challenges, such as identifying reporting overlaps on the basis of the reporting guidelines and avoiding double counting in aggregating and presenting the data.

## **IV. Key findings**

### **A. Overview of the needs of developing country Parties**

#### **1. Information and data from national reports**

13. National reports submitted by developing country Parties as part of the UNFCCC process contain information on their needs related to implementing the Convention and the Paris Agreement. There are nine types of national report, which serve different purposes under the Convention and the Paris Agreement, with reported needs varying in terms of thematic and sectoral coverage, time frame and granularity of detail. In total, 563 documents were included in the analysis for the first NDR.<sup>6</sup>

14. Figure 1 provides an overview of the articulation of the needs of developing country Parties, including overall costed needs, across the nine types of national report submitted by developing country Parties to the UNFCCC.<sup>7</sup> The overall costed needs by type of report

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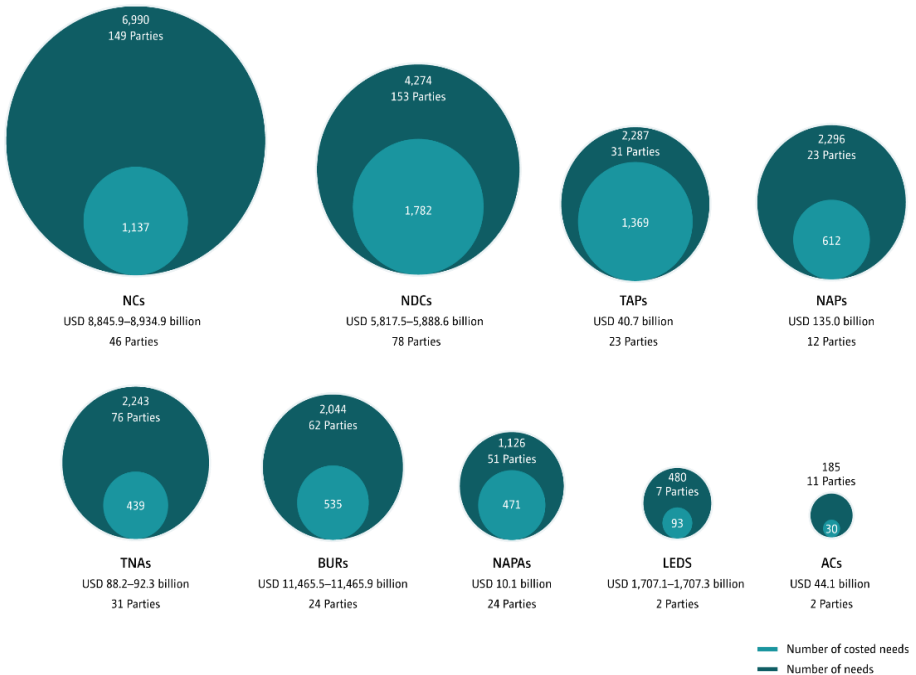
<sup>6</sup> Only the most recent submissions to the UNFCCC were used in the analysis as Parties regularly update information on their needs to reflect changing circumstances. To avoid double counting where Parties may have provided the same information in different reports (e.g. BURs and NDCs), each type of report is treated separately, without aggregation across them.

<sup>7</sup> Needs are catalogued in the analysis at the most granular level at which information was provided (i.e. a project or activity expressed as a need by a developing country is counted as a single activity; if activity-level information was not provided, needs are counted at the sector level; if sector-level information was not provided, needs are counted at the thematic level, etc.). Depending on the nature of the report, it is possible that the priorities and programmes consist of multiple projects and action items. See chap. 1 of the first NDR for

are based on the information on activities with associated costs included in the corresponding individual national reports. The needs included in national reports are identified using a top-down approach (i.e. needs that are typically estimated using economy-wide or sectoral modelling techniques) or a bottom-up approach (i.e. needs that are typically identified from a project pipeline). Developing country Parties periodically update their national reports submitted to the UNFCCC, reflecting changing circumstances and improvements in their data-collection processes and analysis. Therefore, data and information on needs may not be exhaustive as the needs are dynamically changing.

Figure 1

**Overview of articulation of needs, including costed needs, by type of national report submitted to the UNFCCC**



<sup>a</sup> Note: Ranges of costs included where available.

details on the scope of the quantitative and qualitative information collected from national reports.

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(a) **Insights from quantitative data on needs**

15. The needs identified and articulated by developing country Parties across the nine types of national report encompass a wide range of financial, technology development and transfer, and capacity-building needs. The level of detail in the information provided varies in terms of the description of needs and their associated costs, if specified. While some Parties express costed needs for adaptation or mitigation purposes, other communicate needs at the activity or sector level.

16. As at 31 May 2021, NDCs from 153 Parties included 4,274 needs, with 1,782 costed needs identified across 78 NDCs, cumulatively amounting to USD 5.8–5.9 trillion up until 2030. Of this amount, USD 502 billion is identified as needs requiring international sources of finance and USD 112 billion as sourced from domestic finance. For 89 per cent of the costed needs, information was not provided on possible sources of finance. Among the national reports, NCs from 149 Parties present the highest number (6,990) of identified needs, of which 1,137 costed needs cumulatively amount to USD 8.8–8.9 trillion, with 5 per cent of the costed needs distributed across 45 NCs and 95 per cent in 1 NC. BURs from 62 Parties indicated 2,044 needs, of which 535 needs are costed, cumulatively amounting to USD 11.5 trillion, with 5 per cent distributed across 60 BURs and 95 per cent across 2 BURs, thereby representing the highest amount of costed needs identified across the nine types of national report. These figures should be viewed in the light of the size and nature of developing country Parties' economies and the scale of climate impacts.

(i) *Thematic distribution of costed needs*

17. As shown in table 1, cumulatively, identified costed mitigation needs tend to be larger than costed adaptation needs across the reports that cover all thematic areas such as BURs, NCs and NDCs. The overall amount of costed adaptation needs is comparable to the overall amount of costed mitigation needs expressed in NCs (43 and 56–57 per cent, respectively). In the case of NDCs, the overall identified costed mitigation and adaptation needs (50 per cent) are comparable to the amount of costed cross-cutting needs (50 per cent), noting that the costed needs expressed as cross-cutting are largely a reflection of one NDC. Although some developing countries provided information on costed needs for mitigation and adaptation by sector and subsector, this information was not provided across all reports.

Therefore, it was not possible to provide a comprehensive and accurate overall amount of costed needs by sector and subsector in the first NDR.

18. Table 1

**Overview of sources of reported costed needs of developing countries by type of national report submitted to the UNFCCC**

<i>Report</i>	<i>Costed needs (USD billion)</i>				
	<i>Total</i>	<i>Mitigation</i>	<i>Adaptation</i>	<i>Cross-cutting</i>	<i>Other</i>
AC	44.10 (100%)	–	44.10 (100%)	–	–
BUR	11 465.53– 11 465.90 (100%)	5 286.94– 5 287.31 (46%)	3 628.81 (32%)	2 550.01 (22%)	–
LEDS	1 707.15– 1 707.35 (100%)	1 407.15– 1 407.34 (82%)	300.00 (18%)	–	–
NAP	135.02– 135.03 (100%)	–	135.02 (100%)	–	–
NAPA	10.05 (100%)	–	10.05 (100%)	–	–
NC	8 845.85– 8 934.94 (100%)	5 019.30– 5 033.83 (56–57%)	3 812.06– 3 882.07 (43%)	2.23 (>0%)	12.25 – 16.81 (>0%)
NDC	5 817.48– 5 888.56 (100%)	2 156.05– 2 156.13 (37%)	764.24– 835.24 (13–14%)	2 893.39 (49– 50%)	3.81 (>0%)
TAP	40.74 (100%)	21.97 (54%)	18.76 (46%)	–	0.01 (>0%)
TNA	88.24–92.33 (100%)	30.33– 34.33 (34–37%)	57.9– 57.98 (63–68%)	0.01 (>0%)	–

<sup>b</sup> Notes: (1) Ranges of costs included where available. (2) The percentages given are the percentages of the type of costed need for each report type.

19. Although developing country Parties identified more adaptation than mitigation needs, more costs were identified for the latter. This may not imply that mitigation needs are greater, but rather be due to lack of available data, tools and capacity for assessing

adaptation needs (see the information on challenges and gaps in paras. 61–66 below).

20. Available information related to costed needs varies across regions (see table 2). African countries included 1,529 needs in their NDCs, of which 874 were costed, amounting to USD 2.5 trillion. NDCs of countries in the Asia-Pacific region included 1,677 needs, of which 630 needs were costed, cumulatively amounting to USD 3.2–3.3 trillion. Of the 771 needs expressed in the NDCs of countries in the Latin America and Caribbean region, 166 NDCs included costed needs, cumulatively amounting to USD 168.2–168.3 billion, of which almost 60 per cent was in one NDC. NDCs of developing countries from the Eastern European region included 282 needs, of which 112 were costed, cumulatively amounting to USD 9.36 billion.

(ii) *Regional distribution of costed needs*

Table 2

**Number and cost of needs expressed in nationally determined contributions by region**

<i>Region</i>	<i>Number of expressed needs</i>	<i>Number of expressed needs with financial information (i.e. costed needs)</i>	<i>Costed needs based on available financial information (USD billion)</i>
African States	1 529	874	2 459.56–2 460.56
Asia-Pacific States	1 677	630	3 180.39–3 250.39
Eastern European States	282	112	9.36
Latin American and Caribbean States	771	166	168.18–168.26
Western European and other States	15	–	–

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<sup>c</sup> *Note:* Ranges of costs included where available.

21. Some Parties reported information on potential needs related to averting, minimizing and addressing loss and damage, either through specific adaptation activities that include objectives related to averting, minimizing and addressing loss and damage; referenced damage incurred owing to recent climate-related events such as droughts and severe weather; or modelled potential future impacts of climate on GDP or economic losses in a given year (e.g. 2030 or 2050). The information was also reported in the context of national circumstances, climate impacts and/or needs depending on the reporting Party.

22. As noted in paragraph 5 above, needs expressed in national reports are dynamically changing and, therefore, data and information thereon may not be exhaustive. While the number of needs and costed needs communicated in national reports is lower for some regions than others, this does not mean that those regions have no or fewer needs. Rather, this may be due to lack of available data, tools and capacity for determining and costing needs. Therefore, the number of needs and costed needs compiled from national reports available at the time of preparation of the first NDR should not be used to draw comparisons of the actual needs across regions.

(b) Insights from qualitative data on needs

Figure 2  
Needs expressed by developing countries in national reports by theme, region and means of implementation

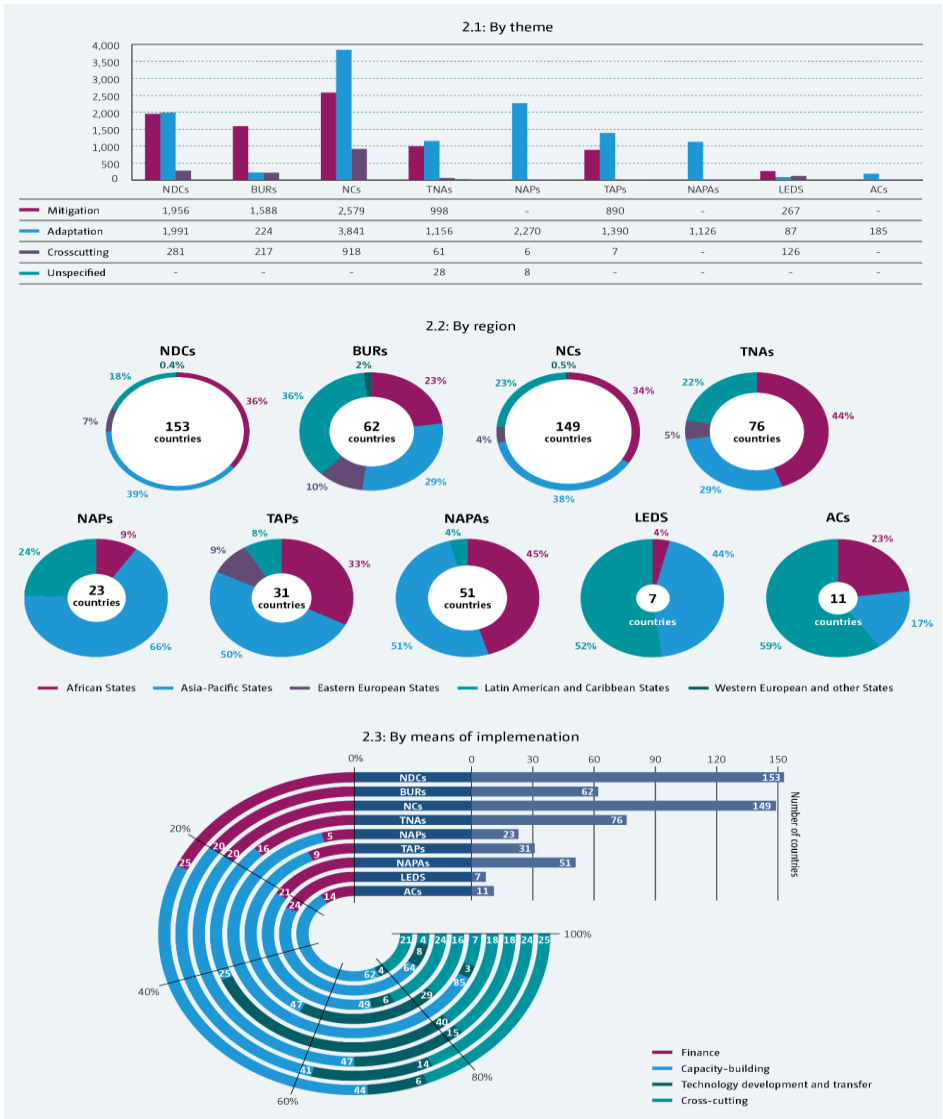
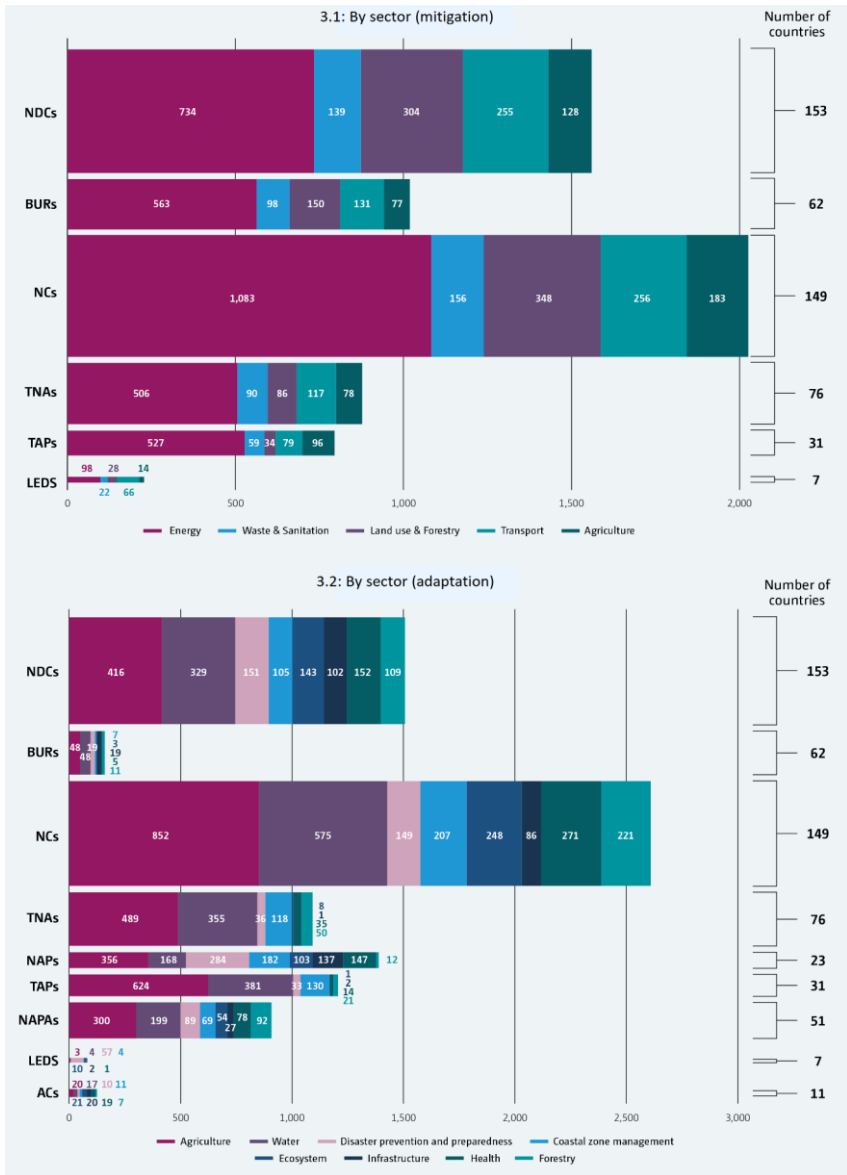


Figure 3  
Needs expressed by developing countries in national reports by sector





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(i) *Thematic distribution*

23. Overall, needs related to adaptation are mentioned more often than those related to mitigation in all report types except BURs and LEDS, indicating greater attention to supporting developing countries' expressed adaptation needs. For example, as shown in figure 2, NDCs included 1,991 needs for adaptation and 1,956 for mitigation.

(ii) *Regional distribution*

24. When the number of expressed needs across the nine national report types is considered, developing country Parties in the Africa and Asia-Pacific regions identified comparable numbers of needs across the national reports with broad thematic and sectoral coverage such as BURs, NCs and NDCs, comparable with the Latin America and Caribbean region only in the case of BURs (see figure 2, section 2.2). Developing country Parties in the Asia-Pacific region used NAPs and TAPs to further specify adaptation needs, as more than half of the needs identified in NAPs and TAPs were from this region. Developing country Parties in the Latin America and Caribbean, and Eastern European regions expressed more needs in their NCs than in other national reports. Latin American and Caribbean Parties expressed a considerable number of adaptation needs in adaptation-specific national reports (e.g. ACs and NAPs) when compared with the overall number of needs expressed in their BURs and NDCs. Developing country Parties in the African region expressed more needs through TNAs compared with other regions, reporting 993 needs compared with the 642 needs identified by Parties in the Asia-Pacific region.

(iii) *Distribution by means of implementation*

25. Qualitative data show a significant prevalence of capacity-building and technology development and transfer needs, which may in part be due to the resources developing countries can access to support the identification of these needs. The number of capacity-building needs is higher than finance needs and technology development and transfer needs identified in the nine national report types except for TNAs (see figure 2, section 2.3). Capacity-building needs expressed across the national reports typically cover areas such as research, training and education, awareness-raising, institutional strengthening and coordination, and policy development.

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(iv) *Sectoral and subsectoral distribution*

26. On the basis of the number of mitigation needs expressed across the nine national report types, energy is the lead sector for climate change mitigation actions, followed by land use and forestry, transport, agriculture, and waste and sanitation (see figure 3, section 3.1).

27. When considering mitigation needs by sector and subsector, the nine types of national report show that most needs in the **energy sector** relate to requests for support for the energy efficiency and renewable energy subsectors, albeit with some variation between them. In NDCs, needs for renewable energy development were identified almost twice as frequently as those for energy efficiency (399 and 261, respectively) but the total nominal value of energy efficiency projects was 1.5 times larger than that of renewable energy projects (USD 377.22 billion and USD 198.08 billion, respectively). In BURs and NCs, more needs related to renewable energy than to energy efficiency were identified. TNAs included a larger variation among energy subsectors, including the development of natural gas, the phasing-out of inefficient subsidies, the exploration of carbon capture and storage, and the development of the efficient use of coal.

28. The majority of expressed mitigation needs in the **land-use and forestry sector** represented a few densely forested countries, such as Bhutan, Brazil, the Congo, Costa Rica, Ghana, Guyana, the Lao People's Democratic Republic, Malaysia, Papua New Guinea, Suriname, the United Republic of Tanzania and Viet Nam. This sector covers key activities such as reforestation, forest fire prevention, social forestry development, sustainable forest management, development of sustainable supply chains for forest commodities, spatial planning forestry research and some land-use activities, such as management of livestock. Data in NCs and NDCs showed that, within this sector, needs related to reforestation are the largest needs expressed in financial terms.

29. On the basis of the number of adaptation-related needs expressed across the nine national report types, agriculture and water are the two lead sectors for climate change adaptation actions, followed by disaster prevention and preparedness, coastal zone management and health (see figure 3, section 3.2).

30. Adaptation needs in the **agriculture sector** cover a wide variety of land uses that overlap with other key sectors. Needs related to agroforestry and irrigation, for example, also touch on areas or land

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managed under the forestry and water sectors. Needs related to the agriculture sector relate to crop diversification, development of resistant crops, land and soil management, livestock management, and fisheries and aquaculture.

31. Adaptation needs in the **water sector** are dominated by the need for water distribution infrastructure, water harvesting and irrigation. Other types of need in this sector vary widely and cover water resource management, water storage and water sanitation. In NDCs, about 38 per cent of expressed needs in the water sector include financial information. Water distribution infrastructure, including wastewater treatment, was the largest need in financial terms across all types of report.

**(c) Other areas of needs**

32. Developing country Parties also communicate other areas of needs that involve issues such as gender, indigenous peoples and vulnerable groups. However, across the nine national report types, less than 10 per cent of needed activities referred to gender or specific communities. Where these topics are included in national reports, information tends to relate to commitments, policies and/or strategies.

33. Some reports that expressed needs for policy development were linked to the SDGs and the Addis Ababa Action Agenda. In general, the implementation of climate actions is mainstreamed in SDG-related actions. However, a few reports expressed needs focusing on institution-building and policy development, aiming to link climate commitments with the SDGs; for example, Jordan's need to align its intended nationally determined contribution with the SDGs, and Morocco's needs (expressed in its NCs) to strengthen the National Institutional Framework of Climate Change through a regulatory system based on the Framework Law on the National Charter for Environment and Sustainable Development.

**2. Information and data from reports by regional and global actors**

34. Information and data on the needs of developing countries are also available from regional and global reports. For the mitigation needs of developing countries, these reports use a mix of climate economic modelling for scenarios of below 2 °C, ranging from USD 2.4 trillion to USD 4.7 trillion in annual energy-related

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investment needs globally;<sup>8</sup> investment opportunities based on stated national plans and targets including and beyond NDCs, ranging from USD 23.8–29.4 trillion for emerging markets from 2016 to 2030;<sup>9</sup> and investment estimates for achieving conditional NDC targets using carbon prices, for example USD 715 billion in Africa<sup>10</sup> (see figure 4 for an example of energy investment needs identified by the International Renewable Energy Agency<sup>11</sup>).

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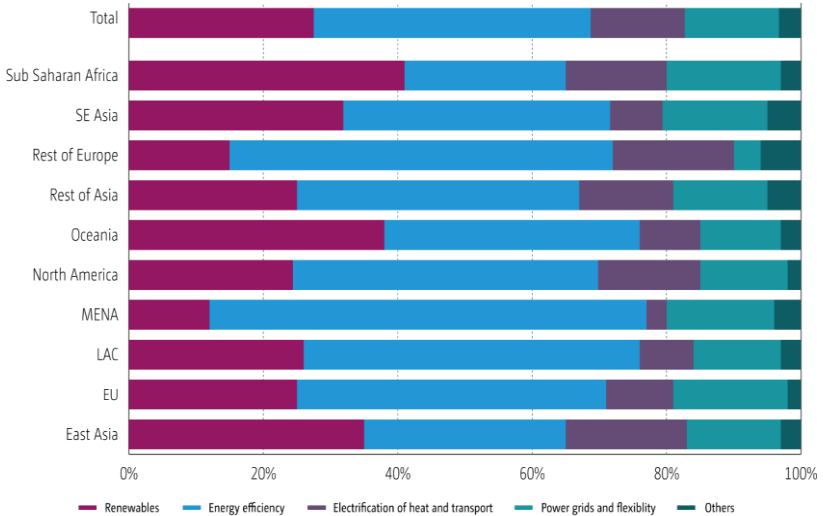
<sup>8</sup> See Collum DL, Zhou W, Bertram C, et al. 2018. Energy investment needs for fulfilling the Paris Agreement and achieving the Sustainable Development Goals. *Nature Energy*. 3(7): pp.589–599. International Energy Agency. 2020. *World Energy Model Documentation*. Paris: IEA. Available at [https://iea.blob.core.windows.net/assets/bc4936dc-73f1-47c3-8064-0784ae6f85a3/WEM\\_Documentation\\_WEO2020.pdf](https://iea.blob.core.windows.net/assets/bc4936dc-73f1-47c3-8064-0784ae6f85a3/WEM_Documentation_WEO2020.pdf); and International Renewable Energy Agency. 2020. *Global Renewables Outlook. Energy transformation 2050*. Abu Dhabi: International Renewable Energy Agency. Available at <https://www.irena.org/publications/2020/Apr/Global-Renewables-Outlook-2020>.

<sup>9</sup> International Finance Corporation. 2017. *Climate Investment Opportunities in South Asia. An IFC Analysis*. Washington, D.C.: International Finance Corporation. Available at [https://www.ifc.org/wps/wcm/connect/topics\\_ext\\_content/ifc\\_external\\_corporate\\_site/climate+business/resources/final+climate+investment+opportunities+in+south+asia+-+an+ifc+analysis](https://www.ifc.org/wps/wcm/connect/topics_ext_content/ifc_external_corporate_site/climate+business/resources/final+climate+investment+opportunities+in+south+asia+-+an+ifc+analysis).

<sup>10</sup> African Development Bank. 2021. *Needs of African Countries Related to Implementing the UN Framework Convention on Climate Change and the Paris Agreement*. Available at [https://unfccc.int/sites/default/files/resource/Needs%20Report\\_African%20counties\\_AfDB\\_FINAL.pdf](https://unfccc.int/sites/default/files/resource/Needs%20Report_African%20counties_AfDB_FINAL.pdf).

<sup>11</sup> For the purpose of the first NDR, various data sources were used to illustrate needs of developing country Parties, without prejudice to the meaning of this term in the context of the Convention and the Paris Agreement, including but not limited to Parties not included in Annex I to the Convention and other classifications used in regional and global reports.

**Figure 4**  
**Shares of annual average clean energy investments in the International Renewable Energy Agency transforming energy scenario, by region, 2016–2050**



*Source: International Renewable Energy Agency. 2019. Transforming the energy system – and holding the line on rising global temperatures. Abu Dhabi: International Renewable Energy Agency. Available at [www.irena.org/publications/2019/Sep/Transforming-the-energy-system](http://www.irena.org/publications/2019/Sep/Transforming-the-energy-system).*

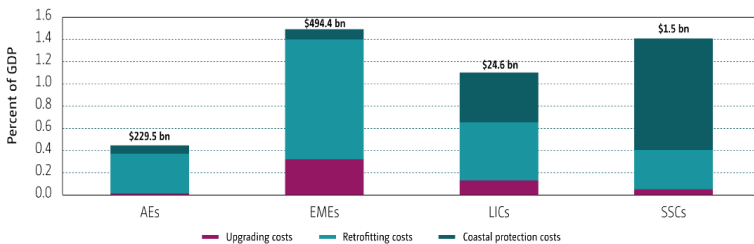
35. Reports based on energy–economy models note that developing country regions have the largest investment gaps compared with historical trends to achieving climate scenarios in line with the Paris Agreement. Three to fourfold increases of investment are necessary in both renewable energy and energy efficiency across many regions that include developing countries.

36. Regional and global reports also provide estimates related to adaptation and resilience. Costs based on bottom-up national and sector-based studies (ranging from USD 140 billion to USD 300 billion annually by 2030) measuring impacts to GDP (for example, ranging from USD 289.2 billion to USD 440.5 billion up to 2030 in Africa) and the incremental investment needed to upgrade or retrofit infrastructure stock (ranging from USD 11 billion to USD 670 billion in annual incremental costs) are most prevalent.

37. To make current and future infrastructure climate-resilient, annual costs as a percentage of GDP are at least double in countries with emerging market economies, low-income countries and small States compared with the costs in high-income countries, that is 1.1–1.49 per cent compared with 0.45 per cent. Investment needs expressed as a percentage of GDP for upgrading new infrastructure and coastal protection are proportionally greater in lower-income countries and small States, while retrofitting existing infrastructure is the major cost component in countries with emerging market economies. However, the reports also noted that specific knowledge on the degree of exposure of infrastructure to natural hazards, related to their location, intensity and level of risk, could affect the incremental cost of making infrastructure climate-resilient (e.g. 3 per cent of total investment as opposed to 8–45 per cent) (see figure 5).<sup>12</sup>

Figure 5

**Public investment needs for resilience of physical infrastructure, by country grouping (gross domestic product weighted average)**



Source: International Monetary Fund. 2020. *Fiscal Monitor. Policies for the Recovery*. Washington, D.C.: International Monetary Fund.

38. The information and data generated from the national, regional and global reports cannot be compared with each other as the reports have different time frames, objectives and scopes. However, all of the reports may be viewed as complementary in offering different insights, granularity and processes and approaches for identifying needs.

<sup>12</sup> As footnote 11 above.

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## **B. Processes and approaches for determination of needs of developing country Parties**

### **1. National institutional arrangements**

39. Developing country Parties have varied institutional arrangements for identifying climate change needs, which are described in most of their national reports submitted to the UNFCCC. Most countries have established specialized institutions within their ministries and departments whose mandate is to spearhead climate change actions. These institutions have various names such as climate change directorate, climate change unit, interministerial climate change coordination committee, climate change technical working group and climate research centre.

40. Good practice in ensuring buy-in and effective coordination of the needs identification process is the engagement of high-level decision-making government offices at the initial stage of the climate change needs identification process. In addition, the engagement of other stakeholders and the assignment of specific roles and responsibilities to participants representing various sectors and interest groups at both the national and subnational level was noted in the reports of the majority of developing countries.

41. Institutional arrangements for needs determination vary widely across countries. However, in most countries the ministry responsible for environmental affairs coordinates the process through a focal point or a committee.

42. The focal point leads the needs identification process and can adopt varying arrangements for stakeholder consultation. The stakeholder consultation process leads to determining the institutional arrangements for the needs identification process. Some of the most common institutional arrangements include focal point only, focal point with other ministries and an interministerial committee. Among these, the interministerial committee is the most inclusive and likely to provide more detailed information on needs across sectors.

### **2. Needs identification process**

43. The needs identification process of most countries starts with consultations between the lead ministry and the country's leadership. This ensures country ownership and top-level support in the needs identification process (see figure 6).

Figure 6

### Common steps adopted by countries' committees or units for identifying climate change needs



44. Stakeholder consultations are an integral part of the needs identification process. During the initial phase, background information is collected and assessments are carried out to help scope the needs. The stakeholders consulted are mainly from government line ministries, though in some instances they include non-governmental organizations and the private sector. Local communities are the least consulted stakeholders during the process.

45. In most of the national reports, the description of the needs identification process does not explicitly mention inclusivity aspects. Needs related to gender and local communities are captured in some reports emanating from those processes. However, where the needs identification process has projects and programmes as part of its output, gender and other inclusivity aspects of various stakeholders were mostly elaborated in the project or programme documents.

### 3. Processes and approaches used by other actors, namely multilateral climate funds, multilateral development banks and United Nations agencies

46. MDBs and United Nations agencies play a critical role in supporting developing countries in their needs identification process. In most cases, these agencies use experts during country-driven needs identification consultation forums to provide insights and share data that may help developing countries better identify and report their needs.



47. In other instances, MDBs and United Nations agencies provide financial and technical support for developing countries in the needs identification process. This support is used to carry out in-depth sectoral analysis to identify pathways within these sectors where considerable effort is needed and where greater impacts can be achieved. For countries that have benefited from this support for their second NDCs, their reports provide more granular information on needs, including by sector, compared with their first NDCs.

48. The multilateral climate funds established under the Convention, namely the GEF, including the special climate funds managed by the GEF (the Special Climate Change Fund and the Least Developed Countries Fund), the Green Climate Fund and the Adaptation Fund, also play a critical role in providing financial support for countries in facilitating their climate change needs identification process. This is particularly evident in the case of the Green Climate Fund and Adaptation Fund readiness support and the GEF Capacity-building Initiative for Transparency Trust Fund, which enable countries to identify and prioritize their climate change needs.

## **C. Methodologies and underlying assumptions used in determining the needs of developing country Parties**

### **1. Methodologies used at the national level by developing countries in national reports**

49. Developing country Parties identify adaptation and mitigation needs in preparing their national reports, following UNFCCC reporting guidelines and guidance and, in some cases, other methodologies adapted to their national context. The approaches taken vary depending on institutional and human capacities, cost, geography, time frame and data availability.

50. Although recent national reports include more information about methodologies used to determine adaptation needs, overall, there is still more information about the methodologies used to determine mitigation needs than for adaptation needs. The types of methodology applied vary. Most methodologies used to identify mitigation needs are quantitative, while a lower number of qualitative methodologies are used to identify adaptation needs. However, in recent reports, some countries have used methodologies to identify both mitigation and adaptation needs.

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51. Countries in the Africa, Asia-Pacific, and Latin America and Caribbean regions present region-level information about methodologies applied to determine mitigation needs. Countries in the Africa and Asia-Pacific regions also present information about methodologies used to determine adaptation needs.

52. UNFCCC reporting guidelines and guidance, such as those provided for TNA preparation, have facilitated identification of needs for technology transfer and capacity-building related to mitigation and adaptation actions through methodologies such as the TNA methodology and the guidance for preparing a TAP.<sup>13</sup> However, the existing reporting guidelines and guidance do not include specific provisions on how to assess these needs at the local level. As such, countries assess their needs on the basis of methodologies developed for application at the national or international level.

53. Methodologies used by developing countries to determine mitigation needs include both top-down and bottom-up models for the energy and non-energy sectors. Bottom-up models are suited for studying options that have specific sectoral and technological implications. Top-down models are useful for studying broad macroeconomic and fiscal policies for mitigation, such as carbon or other environmental taxes. Methodologies applied to identify mitigation needs mainly focus on the cross-cutting, energy, greenhouse gas inventory preparation, waste, transport, agriculture, forestry, building and industry sectors.

54. Methodologies used by developing countries to determine adaptation needs mostly include vulnerability assessments that determine the levels of risk and vulnerability for each sector. These methodologies mainly focus on the agriculture, ecosystem and biodiversity, water and cross-cutting sectors.

## 2. Methodologies used at the regional and global level

55. For international and regional reports, top-down methodologies have been developed and applied to identify finance, technology development and transfer, and capacity-building needs. Such reports have provided alternative methodologies to developing

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<sup>13</sup> Technology Executive Committee. 2020. *Enhancing implementation of the results of technology needs assessments*. Bonn: UNFCCC. Available at <https://unfccc.int/tclear/tec/brief13.html>.

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countries that have been adapted to national circumstances and contexts and used to determine national needs.

## **D. Challenges, opportunities and gaps in determining the needs of developing country Parties**

### **1. Opportunities**

56. There are several regional and global specialized institutions that can support countries in their needs identification process by providing expertise and data. Some of these institutions are United Nations agencies, to which countries have quick and easy access and which can be engaged with during the needs identification process to provide the required support.

57. A number of platforms have been established by various institutions, including United Nations agencies and MDBs. These platforms offer a good opportunity for developing countries to share their experience and good practices in the needs identification process. Most developing countries are already using these platforms to share their experience.

58. Several initiatives have been established that can help in the needs identification process. These initiatives include the establishment of emissions inventories, which provide some of the data and information that can facilitate the prioritization of sectors and activities as part of the country's climate change needs identification process.

### **2. Challenges**

#### **(a) Challenges experienced in the preparation of the report**

59. In compiling the needs of developing country Parties from the various sources, efforts were made by the technical team to overcome challenges such as identifying reporting overlaps so as to avoid double counting in aggregating and presenting the data.

60. Nevertheless, the following challenges were encountered in collecting, categorizing, aggregating and presenting the data on needs:

(a) **Data inconsistencies:** the classification of sectors and subsectors is not uniform across data sources, including in different sources of information and reports submitted by the same

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Party. This increases the risk of double counting, as cost estimates may be given in one report by sector and in another report by activity, so the same activity may be captured and hence accounted for under the costs by sector. Issues related to the definitions of needs also introduce inconsistencies because needs are referred to as qualitative needs, investment needs or costs;

(b) **Data gaps:** gaps in the coverage of information on costed needs by sector or subsector pose a significant challenge. These gaps are particularly evident for adaptation needs, which, compared with cost estimates for mitigation, remain limited. Significant data gaps related to capacity-building needs remain; these are predominantly characterized in qualitative terms. Further, information on methodologies used in producing and communicating information on needs in national reports is, in many cases, not included in the reports. In addition, methodological assumptions, which in most cases are not stated, may impact the interpretation of the data. The needs are dynamically changing and may depend on different factors such as temperature scenarios, mitigation pathways and adaptive capacity, extreme weather events, adverse effects of trade and economic barriers, and social factors such as poverty. Most reports, however, provide a snapshot of a Party's needs. It should also be noted that not all Parties have submitted reports;

(c) **Data interpretation:** when collecting, analysing and aggregating data and information on the needs of developing country Parties, best efforts have been made to ensure accuracy. When collecting and analysing the amounts of needs reported by developing country Parties in their national reports, different Parties apply their respective definitions and interpretations of needs. Needs may be reported as needs or activities needed to take climate action. Furthermore, costed needs may be determined in one national report but not in the subsequent report, without stating whether the same amounts of costed needs apply.

61. The following steps were undertaken to analyse, aggregate and present the data:

(a) Analysis of data gaps and identification of areas for improvement;

(b) Harmonization of data sets used for estimating the global total needs in order to minimize misalignment between information and data according to thematic areas, regions, sectors and time frames;

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(c) Presentation of quantified data in ranges of estimates where possible, instead of aggregating the amounts, to avoid possible data overlaps;

(d) Use of case studies to highlight good practices and lessons learned in determining needs.

**(b) Challenges experienced by developing countries**

62. Institutional coordination was highlighted as a major challenge in the needs determination process. The coordination challenge affected needs identification between sectors and between levels of governance, namely the local and national level. Two of the identified drivers of limited coordination were the lack of specialized institutions within ministries with the mandate to spearhead climate change actions, and the involvement of ministries other than the environment ministry in climate change planning in the needs identification process.

63. While most countries have used methodologies to identify and report their needs both qualitatively and quantitatively, costing these needs has been a major challenge and therefore most of these needs do not have accompanying cost estimates. This challenge is particularly evident in deriving cost estimates for climate adaptation and enhancing resilience needs, and, in this context, deriving cost estimates for averting, minimizing and addressing loss and damage needs, since developing countries' adaptation actions cannot always be included in short-term projects, but rather require long-term interventions that are difficult to estimate in monetary terms.

**3. Gaps**

64. Developing countries have taken significant steps to improve their needs determination process but capacity gaps within lead institutions continue to hinder progress. These capacity gaps vary widely across countries and include the lack of qualified personnel to spearhead the needs identification process and the lack of institutional-level capacity.

65. Limited availability of granular data at the sector and subsector level constitutes one of the major gaps identified by developing countries. As a result, many developing countries provide cost estimates for overall needs rather than disaggregated by theme or sector.

66. The lack of specialized national institutions to spearhead the means of implementation under the Convention, such as technology development and transfer, and capacity-building, limits the ability of some developing countries to track needs continuously and identify additional and emerging needs.

67. Limited detailed guidance on the structure and content of reports submitted to the UNFCCC resulted in needs with varying levels of detail across countries. Where such guidance was available, for instance for TNAs, the needs were identified at a higher level of detail compared with needs communicated in other national reports.

#### **4. Insights into determining needs using available resources: country case studies and experience**

68. Country case studies have shown that the needs identification process provides an opportunity for countries to translate their needs into investment opportunities and climate actions, including by using existing support mechanisms to prioritize and cost identified needs and turn needs into project ideas for support. For example, through the TNA process, some countries identified technology support needs and submitted a request for technology assistance to formulate project ideas related to technology development and transfer.

69. Costing adaptation and mitigation needs for action is becoming a crucial area of work at the national level in order to better identify gaps where financial support is needed and ways to leverage public and private resources.

#### **5. Co-benefits related to addressing the needs of developing country Parties, such as in relation to the Sustainable Development Goals, disaster risk reduction and the Addis Ababa Action Agenda**

70. For most countries, climate change needs are aligned with the targets set out in the 2030 Agenda for Sustainable Development. As the SDGs are ideally indivisible, all developing country Parties covered in this report are taking action to address SDG 13 that relates to taking action to address climate change, and SDG 13 affects all the other SDGs. Overall, the needs identified by developing countries touch on all SDGs, with 75 per cent of NDCs having linkages to SDGs 2, 6, 7, 8, 9, 11, 12, 13, 15 and 17.

71. In their national reports, some developing country Parties refer to the Addis Ababa Action Agenda provision for mobilizing and

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aligning local resources for climate action. This is particularly evident in countries that capture their climate action budgets under the national budgeting process.

## V. Recommendations

72. The SCF invites the COP and the CMA to consider the following recommendations:

(a) *Encourage* developing country Parties and climate finance providers, as well as multilateral and financial institutions, private finance data providers and other relevant institutions, to enhance the availability of granular, country-level data on needs related to the implementation of the Convention and the Paris Agreement with a view to addressing existing data gaps;

(b) *Encourage* developing country Parties to share best practices on determining needs, including regarding the institutional capacity conducive to determining needs;

(c) *Encourage* developing country Parties to provide, where possible, information on needs related to:

(i) Gender-responsive climate action and the needs of indigenous peoples and vulnerable groups;

(ii) Preparation of national reports to the UNFCCC, including reporting on the activities contained therein;

(iii) Addressing and mitigating risks, including physical and transitional risks;

(iv) Energy poverty as it relates to sustainable development;

(v) Methodologies employed in the determination of the needs in their national reports to the UNFCCC, including, in accordance with reporting guidelines and where available, quantified data on needs;

(d) *Request* the SCF, in preparing future NDRs, to present available data and information on needs related to the recommendations referred to in paragraph 71(c) above;

(e) *Invite* the operating entities of the Financial Mechanism, United Nations agencies, multilateral and bilateral financial institutions and other relevant institutions to make use of the

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information contained in the first NDR when supporting developing country Parties in identifying and costing needs;

(f) *Invite* the operating entities of the Financial Mechanism to revise templates and guidance for developing countries when supporting their processes in identifying their needs with a view to enhancing availability of granular information on qualitative and quantitative needs;

(g) *Encourage* the operating entities of the Financial Mechanism, United Nations agencies, multilateral and bilateral financial institutions and other relevant institutions to make available further information on methodologies related to determining and costing needs, especially for adaptation needs and incremental costs;

(h) *Encourage* developing country Parties to consider the insights on methodologies identified in the first NDR when costing and determining needs;

(i) *Encourage* developing country Parties to take advantage of available resources through the operating entities of the Financial Mechanism, as well as other multilateral and bilateral actors, to strengthen institutional capacity for identifying and costing their needs in relation to implementing the Convention and the Paris Agreement;

(j) *Request* the SCF to engage with public and private financial institutions and to disseminate the findings of the first NDR;

(k) *Invite* UNFCCC constituted bodies, in particular the Paris Committee on Capacity-building and the Adaptation Committee, to consider the insights identified in the first NDR when implementing their respective workplans;

(l) *Encourage* Parties, multilateral and financial institutions, academia, methodology developers, research institutions and other relevant actors to continue to develop methodologies for the determination of adaptation and resilience enhancement needs and, in this context, needs related to averting, minimizing and addressing loss and damage;

(m) *Encourage* the operating entities of the Financial Mechanism, United Nations agencies, multilateral and bilateral financial institutions and other relevant institutions to provide financial and technical support to developing countries for updating



the reporting of their qualitative and quantitative information and data on needs to be considered in subsequent NDRs, as appropriate;

(n) *Encourage* all actors, when determining needs for implementing the Convention and the Paris Agreement, to highlight linkages to the implementation of the 2030 Agenda for Sustainable Development and application of the Addis Ababa Action Agenda.

*12<sup>th</sup> plenary meeting  
13 November 2021*

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## Decision 6/CP.26

(FCCC/CP/2021/12/Add.1)

### Report of the Green Climate Fund to the Conference of the Parties and guidance to the Green Climate Fund

*The Conference of the Parties,*

*Recalling* decision 3/CP.17, annex,

1. *Welcomes* the reports of the Green Climate Fund to the Conference of the Parties at its twenty-sixth session,<sup>1</sup> including the list of actions taken by the Board of the Green Climate Fund (hereinafter referred to as the Board) in response to guidance received from the Conference of the Parties;

2. *Also welcomes* the continued efforts of the Green Climate Fund to make a significant and ambitious contribution to the global effort to meet the goals set by the international community in relation to combating climate change;

3. *Further welcomes* the progress of the Green Climate Fund in 2020–2021, including in relation to guidance provided by the Conference of the Parties:

(a) The increase in the number of funding proposals approved, which brings the total amount approved by the Board to USD 10 billion to support implementation of 190 adaptation and mitigation projects and programmes in 127 developing countries;

(b) The increase in the number of entities accredited by the Board, which brings the total number of accredited entities to 112, of which 72 are direct access entities;

(c) The approval of its Updated Strategic Plan for 2020–2023,<sup>2</sup> Integrated Results Management Framework and a results tracking tool;

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<sup>1</sup> FCCC/CP/2020/5 and FCCC/CP/2021/8.

<sup>2</sup> Contained in Green Climate Fund document GCF/B.27/21, annex II. Available at <https://www.greenclimate.fund/document/gcf-b27-21>.

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(d) The revision of its environmental and social policy to reaffirm its commitment to preventing sexual exploitation, sexual abuse and sexual harassment; administrative remedies and exclusions policy; and guidelines to facilitate consideration by the Board of Independent Redress Mechanism reports on requests for reconsideration, grievances and complaints;

(e) The approval of its evaluation policy;

(f) The continued collaboration between the Green Climate Fund, the Climate Technology Centre and Network and the Technology Executive Committee;

(g) The collaboration between the Green Climate Fund, the Adaptation Committee and the Least Developed Countries Expert Group;

4. *Welcomes* the long-term vision on complementarity, coherence and collaboration between the Green Climate Fund and the Global Environment Facility<sup>3</sup> and *requests* the Board to enhance coherence and complementarity with other climate finance delivery channels with a view to enhancing the impact and effectiveness of its work;

5. *Encourages* further collaboration and engagement between the Green Climate Fund, the Climate Technology Centre and Network and the Technology Executive Committee, through continued joint work, as well as collaboration on events, and taking into consideration elements related to gender mainstreaming and observer engagement;

6. *Reiterates* the request to the Board to continue efforts to maintain the balance in the allocation of resources between adaptation and mitigation;

7. *Encourages* the Board to further clarify the role of data and information from, inter alia, the Intergovernmental Panel on Climate Change, and traditional, local and indigenous knowledge and practices in the assessment of concept notes, project preparation funding applications and funding proposals;

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<sup>3</sup> Contained in Global Environment Facility document GEF/C.60/08, annex I. Available at <https://www.thegef.org/council-meeting-documents/long-term-vision-complementarity-coherence-and-collaboration-between-green>.

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8. *Also encourages* the Board to strengthen country ownership and regional management by proactively engaging national designated authorities in all aspects of the project and programme cycle;

9. *Takes note* of the exceptional circumstances of the coronavirus disease 2019 pandemic and its significant impact on the implementation of the Board's updated four-year workplan, *recognizes* the Board's efforts during that period and *encourages* the Board to continue to improve the efficiency and effectiveness of its work;

10. *Takes note* of the continued efforts of the Board to provide financial resources for activities relevant to averting, minimizing and addressing loss and damage in developing country Parties consistent with the existing investment, results framework and funding windows and structures of the Green Climate Fund, including through the Project Preparation Facility and the Readiness and Preparatory Support Programme;

11. *Notes* the significant number of remaining policy gaps, including updating the accreditation framework to include approving the project-specific assessment approach, updating the simplified approval process, approving the policy on programmatic approaches, completing policies related to the investment framework, and addressing matters related to the Private Sector Facility and strategy, as well as outstanding matters from the rules of procedure of the Board,<sup>4</sup> and *urges* the Board to prioritize closing the policy gaps as a matter of urgency and to explore diversifying its selection of financial instruments for addressing climate risk including parametric insurance for climatic events;

12. *Takes note* of the engagement of the President of the Conference of the Parties on the matter of granting privileges and immunities for the Green Climate Fund and its officials and *invites* the Board to continue efforts to ensure that the Fund enjoys privileges and immunities as are necessary;

13. *Urges* the Board to finalize in a timely manner its work related to the guidance and arrangements of the Conference of the Parties on financing for forests and alternative approaches as mandated by decision 7/CP.21, paragraphs 23–25;

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<sup>4</sup> Available at <https://www.greenclimate.fund/document/rules-procedure>.

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14. *Encourages* the Board to continue the integration of gender considerations into its activities, including through its gender policy and by promoting gender balance across the structures of the Fund;

15. *Invites* the Board to consider ways of improving access to the Fund for local non-governmental and private sector organizations;

16. *Also invites* Parties to submit to the secretariat views and recommendations on elements of guidance for the Green Climate Fund via the submission portal<sup>5</sup> no later than 10 weeks prior to the twenty-seventh session of the Conference of the Parties (November 2022);

17. *Requests* the Standing Committee on Finance to take into consideration the submissions referred to in paragraph 16 above when preparing its draft guidance for the Green Climate Fund for consideration by the Conference of the Parties at its twenty-seventh session and the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement at its fourth session (November 2022);

18. *Also requests* the Board of the Green Climate Fund to include in its annual report to the Conference of the Parties information on the steps it has taken to implement the guidance provided in this decision;

19. *Takes note* of decision 11/CMA.3 and *decides* to transmit to the Green Climate Fund the guidance from the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement contained in paragraphs 2–8 of that decision.<sup>6</sup>

*12<sup>th</sup> plenary meeting  
13 November 2021*

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<sup>5</sup> <https://www4.unfccc.int/sites/submissionsstaging/Pages/Home.aspx>.

<sup>6</sup> In accordance with decision 1/CP.21, para. 61.

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## Decision 7/CP.26

(FCCC/CP/2021/12/Add.1)

### **Report of the Global Environment Facility to the Conference of the Parties and guidance to the Global Environment Facility**

*The Conference of the Parties,*

*Recalling* decision 11/CP.1, paragraph 1(c), and decision 13/CP.25,

*Noting* paragraph 9(b) of the Instrument for the Establishment of the Restructured Global Environment Facility,<sup>1</sup>

1. *Welcomes* the reports of the Global Environment Facility to the Conference of the Parties at its twenty-sixth session and their addenda,<sup>2</sup> including the responses of the Global Environment Facility to guidance received from the Conference of the Parties;

2. *Also welcomes* the work undertaken by the Global Environment Facility during its reporting period (1 July 2019 to 30 June 2021), including with regard to:

(a) Approval of the climate change projects and programmes approved during the reporting period under the Global Environment Facility Trust Fund, the Least Developed Countries Fund and the Special Climate Change Fund;

(b) Integration of climate change priorities into its other focal areas and the reduction in greenhouse gas emissions achieved through such integration;

(c) Improvement in coordination with the Green Climate Fund;

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<sup>1</sup> Global Environment Facility. 2019. *Instrument for the Establishment of the Restructured Global Environment Facility*. Washington, D.C.: Global Environment Facility. Available at <https://www.thegef.org/documents/instrument-establishment-restructured-gef>.

<sup>2</sup> FCCC/CP/2020/1 and Add.1 and FCCC/CP/2021/9 and Add.1.

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(d) Adoption of its private sector engagement strategy;<sup>3</sup>

(e) Adoption of the sustainable bond strategy for the Global Environment Facility Trust Fund;<sup>4</sup>

3. *Encourages* the Global Environment Facility, as part of the eighth replenishment process, to duly consider ways to increase the financial resources allocated for climate action, including the climate change focal area and climate co-benefits, taking into account the reporting requirement referred to in paragraph 6 of decision 12/CMA.3, and to apply a coherent approach across its focal areas to prioritizing projects that generate environmental co-benefits;

4. *Calls upon* developed country Parties to make financial contributions to the Global Environment Facility to contribute to a robust eighth replenishment of the Global Environment Facility to support developing countries in implementing the Convention and *encourages* additional voluntary financial contributions to the eighth replenishment of the Global Environment Facility;

5. *Takes note* of ongoing discussions on the eighth replenishment process regarding its allocation policies under the System for Transparent Allocation of Resources and *invites* the Global Environment Facility to duly consider the needs and priorities of developing country Parties when allocating resources to developing country Parties;

6. *Takes note* of the ongoing work of the Global Environment Facility in monitoring the concentration and geographical and thematic coverage, as well as the effectiveness, efficiency and engagement, of the Global Environment Facility Partnership and *encourages* the Global Environment Facility to consider ways to enhance participation of additional national and regional entities from developing country Parties in the Partnership, including by allowing them to serve as executing agencies, as appropriate;

7. *Requests* the Global Environment Facility to consider ways to further enhance the role of national agencies and civil society organizations as executing agencies in order to enhance country ownership of projects and programmes funded by the Global

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<sup>3</sup> See Global Environment Facility document GEF/C.59/07/Rev.01. Available at <https://www.thegef.org/documents>.

<sup>4</sup> See Global Environment Facility document GEF/C.59/12.

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Environment Facility and prevent implementing agencies from serving simultaneously as executing agencies;

8. *Welcomes with appreciation* the contributions made by developed country Parties to the Least Developed Countries Fund, amounting to USD 605.3 million, and *encourages* additional voluntary financial contributions to the Least Developed Countries Fund and the Special Climate Change Fund to support adaptation and technology transfer;

9. *Requests* the Global Environment Facility, as an operating entity of the Financial Mechanism of the Convention entrusted with the operation of the Special Climate Change Fund, to continue to assist developing country Parties in accessing resources in an efficient manner;

10. *Calls upon* the Global Environment Facility to continue to improve the governance framework for its agencies and the standards to which the implementing partners are accountable;

11. *Takes note* that financial resources allocated for the non-grant instrument under the seventh replenishment of the Global Environment Facility increased to USD 136 million from USD 110 million under the sixth replenishment and *encourages* the Global Environment Facility, during its discussions on the instrument under the eighth replenishment, to continue to take into account needs and priorities of developing countries, as well as their different national circumstances;

12. *Requests* the Global Environment Facility to consider updating its policy on gender equality to include protection against discrimination;

13. *Recognizes* that the Global Environment Facility does not impose minimum thresholds and/or specific types or sources of co-financing or investment mobilized in its review of individual projects and programmes;<sup>5</sup>

14. *Encourages* the Global Environment Facility to reinforce its efforts to engage with and mobilize resources from the private sector under its eighth replenishment;

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<sup>5</sup> See Global Environment Facility document GEF/C.54/10/Rev.01, annex I, para. 5.



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15. *Takes note* of ongoing discussions within the Global Environment Facility concerning the Small Grants Programme under the eighth replenishment and *invites* the Global Environment Facility to consider increasing the funding ceiling per project to provide adequate financial and technical support to communities and civil society organizations;

16. *Urges* the Global Environment Facility to enhance its support for projects that engage with stakeholders at the local level, and to continue to provide funding for projects related to technology training and scale up South–South cooperation and triangular cooperation with the Technology Executive Committee and the Climate Technology Centre and Network;

17. *Welcomes* the long-term vision on complementarity, coherence and collaboration between the Green Climate Fund and the Global Environment Facility<sup>6</sup> and *requests* the Global Environment Facility Council to enhance coherence and complementarity with other climate finance delivery channels with a view to enhancing the impact and effectiveness of its work;

18. *Also requests* the Global Environment Facility, as part of the eighth replenishment process, to take note of the needs and priorities for climate finance, including those identified in the first report on the determination of the needs of developing country Parties related to implementing the Convention and the Paris Agreement,<sup>7</sup> nationally determined contributions, national communications and national adaptation plans, as well as in other sources of available information, including the biennial assessment and overview of climate finance flows and other relevant reports;

19. *Invites* Parties to submit views and recommendations on elements of guidance for the Global Environment Facility via the submission portal<sup>8</sup> no later than 10 weeks prior to the twenty-seventh session of the Conference of the Parties (November 2022);

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<sup>6</sup> Contained in Global Environment Facility document GEF/C.60/08, annex I.

<sup>7</sup> Standing Committee on Finance. 2021. *First report on the determination of the needs of developing country Parties related to implementing the Convention and the Paris Agreement*. Bonn: UNFCCC. Available at <https://unfccc.int/topics/climate-finance/workstreams/determination-of-the-needs-of-developing-country-parties/first-report-on-the-determination-of-the-needs-of-developing-country-parties-related-to-implementing>.

<sup>8</sup> <https://www4.unfccc.int/sites/submissionsstaging/Pages/Home.aspx>.

20. *Requests* the Standing Committee on Finance to take into consideration the submissions referred to in paragraph 19 above when preparing its draft guidance for the Global Environment Facility for consideration by the Conference of the Parties at its twenty-seventh session and the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement at its fourth session (November 2022);

21. *Also requests* the Global Environment Facility to include in its annual report to the Conference of the Parties information on the steps it has taken to implement the guidance provided in this decision;

22. *Takes note* of decision 12/CMA.3 and *decides* to transmit to the Global Environment Facility the guidance from the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement contained in paragraphs 2–10 of that decision.<sup>9</sup>

*12<sup>th</sup> plenary meeting  
13 November 2021*

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<sup>9</sup> In accordance with decision 1/CP.21, para. 61.

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**Decision 8/CP.26***(FCCC/CP/2021/12/Add.1)***Compilation and synthesis of, and summary report on the in-session workshop on, biennial communications of information related to Article 9, paragraph 5, of the Paris Agreement***The Conference of the Parties,**Recalling* Articles 4 and 11 of the Convention,*Also recalling* decision 12/CMA.1,

1. *Welcomes* the compilation and synthesis<sup>1</sup> prepared by the secretariat of the information contained in the first biennial communications in accordance with Article 9, paragraph 5, of the Paris Agreement;
2. *Also welcomes* the summary report<sup>2</sup> on the biennial in-session workshop on information to be provided by Parties in accordance with Article 9, paragraph 5, of the Paris Agreement held on 11 June 2021;
3. *Takes note* of decision 14/CMA.3.

*12<sup>th</sup> plenary meeting  
13 November 2021*

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<sup>1</sup> FCCC/PA/CMA/2021/3.

<sup>2</sup> FCCC/PA/CMA/2021/5.

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## Decision 3/CMP.16

(FCCC/KP/CMP/2021/8/Add.1)

### Report of the Adaptation Fund Board for 2020 and 2021

*The Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol,*

Recalling decisions 1/CMP.3, 1/CMP.4, 2/CMP.10, 1/CMP.11, 2/CMP.12, 1/CMP.13, 1/CMP.14 and 3/CMP.15,

Also recalling decision 13/CMA.1,

1. *Takes note* of the annual reports of the Adaptation Fund Board for 2020 and 2021 and the information contained therein;<sup>1</sup>

2. *Notes* the following information, actions and decisions relating to the Adaptation Fund Board presented in the reports referred to in paragraph 1 above:

(a) A request for the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol and/or the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement to provide guidance and/or clarification on how to address requests for funding from Parties that are either a Party to the Kyoto Protocol or a Party to the Paris Agreement but not a Party to both;<sup>2</sup>

(b) The updated response of the Adaptation Fund Board<sup>3</sup> to the guidance of the Conference of the Parties serving as the

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<sup>1</sup> FCCC/KP/CMP/2020/2–FCCC/PA/CMA/2020/2 and FCCC/KP/CMP/2021/2–FCCC/PA/CMA/2021/4 and Add.1.

<sup>2</sup> For the status of issues related to the Adaptation Fund and the Paris Agreement, see annex IX to document FCCC/KP/CMP/2020/2–FCCC/PA/CMA/2020/2 and chap. V of document FCCC/KP/CMP/2021/2–FCCC/PA/CMA/2021/4.

<sup>3</sup> FCCC/KP/CMP/2021/2–FCCC/PA/CMA/2021/4, annex IX.

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meeting of the Parties to the Kyoto Protocol pertaining to the third review of the Adaptation Fund;<sup>4</sup>

(c) The accreditation of 4 national implementing entities, 2 multilateral implementing entities and 1 regional implementing entity (with the national implementing entities granted direct access to resources from the Adaptation Fund), resulting in a total number of accredited implementing entities of 33 national (of which 9 in the least developed countries and 7 in small island developing States), 14 multilateral and 7 regional implementing entities, of which 31 were reaccredited (16 national implementing entities, 4 regional implementing entities and 11 multilateral implementing entities) for accessing resources from the Adaptation Fund directly;

(d) Cumulative project and programme approvals increasing by around 32 per cent to USD 744.58 million between 1 July 2019 and 30 June 2020 and by 12 per cent to USD 831.49 million between 1 July 2020 and 30 June 2021, despite the challenging circumstances related to the coronavirus disease 2019 pandemic;

(e) Resources available for new funding approvals amounting to USD 167.20 million as at 30 June 2020 and USD 195.69 million as at 30 June 2021;

(f) New funding approvals, including for concrete single-country and regional (multi-country) proposals, grant proposals under the Medium-Term Strategy of the Adaptation Fund for 2018–2022<sup>5</sup> and readiness grants amounting to USD 180.5 million as at 30 June 2020 and USD 86.9 million as at 30 June 2021;

(g) An active pipeline of project and programme proposals submitted but not approved amounting to around USD 286 million as at 30 June 2020 and USD 279 million as at 30 June 2021, reflecting an upward trend from previous years;

(h) The cumulative receipts of USD 1,107.40 million, as at 30 June 2021, into the Adaptation Fund Trust Fund, comprising USD 208.38 million from the monetization of certified emission reductions, USD 858.82 million from contributions and USD 40.21 million from investment income earned on the Trust Fund balance;

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<sup>4</sup> See decision 2/CMP.13.

<sup>5</sup> See <https://www.adaptation-fund.org/document/medium-term-strategy-2018-2022/>.

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(i) Contributions amounting to USD 200.89 million between 1 July 2019 and 30 June 2021 from the Governments of Germany, Ireland, Norway, Poland, Spain, Sweden and Switzerland, as well as the governments of the Brussels-Capital, Flemish and Walloon Regions of Belgium; new pledges amounting to USD 116 million from the Governments of Germany, Ireland, Italy and Sweden, as well as the governments of the Brussels-Capital and Walloon Regions of Belgium, towards the Adaptation Fund resource mobilization target of USD 120 million per year for the biennium 2020–2021; direct funding of EUR 10 million from the European Commission for a programme under the Adaptation Fund Innovation Facility; and the transfer of aggregated contributions from the United Nations Foundation, comprising various individual donations made between 1 July 2019 and 30 June 2020, prepared by the Adaptation Fund Board secretariat and the trustee;

(j) Outstanding pledges of USD 21.85 million as at 30 June 2020 and outstanding contributions of USD 36.27 million as at 30 June 2021;

(k) The approval of 29 single-country project or programme proposals submitted by implementing entities, totalling USD 174 million, of which 9 proposals submitted by national implementing entities, amounting to USD 14.5 million; 1 single-country proposal submitted by a regional implementing entity, amounting to USD 9.9 million; and 19 single-country proposals submitted by multilateral implementing entities, totalling USD 149.6 million;

(l) The recommendation of the Project and Programme Review Committee to approve nine regional (multi-country) projects amounting to USD 93.9 million, for which funding was not readily available for one project from the tentatively set-aside amount, and the resulting decision of the Adaptation Fund Board to place it on a waitlist, to be approved intersessionally subject to the availability of funds;

(m) The ongoing implementation of activities under the Medium-Term Strategy of the Adaptation Fund for 2018–2022, with the second, third, fourth and fifth review cycles for grant funding windows for innovation, learning and project scale-up and the approval by the Adaptation Fund Board of the first four small-grant proposals for innovation, the first grant proposal for project scale-up and two grant proposals for learning, totalling USD 1,348,322; and

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the launch of two new innovation aggregator programmes, totalling USD 10 million, that offer small grants for innovation to non-accredited entities via two accredited multilateral implementing entities;

(n) The facilitation of the 2<sup>nd</sup> meeting of the Committee of the Community of Practice for Direct Access Entities, held with the participation of the Green Climate Fund;

(o) New activities under the Medium-Term Strategy of the Adaptation Fund for 2018–2022, including the approval of large grants for innovation and a funding window for enhanced direct access; the endorsement of the principles of locally led adaptation action following engagement with the Global Commission; and the launch of the Adaptation Fund Climate Innovation Accelerator;

(p) The launch of a virtual learning course on unlocking adaptation finance and accessing the Adaptation Fund;

(q) The approval of funding decisions for readiness grants amounting to USD 234,820, consisting of South–South cooperation grants and technical assistance grants for the environmental and social safeguards policy and the gender policy; and a new readiness support package grant window following a successful pilot phase;

(r) The organization of virtual readiness events for accredited national implementing entities, including two webinars on project development, a global accreditation training workshop and a country exchange for South–South learning;

(s) Cumulative disbursements to the 121 projects approved since the operationalization of the Adaptation Fund amounting to USD 485.9 million, including USD 76.2 million disbursed between 1 July 2020 and 30 June 2021;

(t) The implementation of proactive measures to support Parties and implementing entities in mitigating the effects of the pandemic and minimizing any related disruption, and to mitigate the impact on the portfolio of the Adaptation Fund;

(u) The issuance of targeted communication and messaging on themes such as the unique value of the pioneering scalable work of the Adaptation Fund, the implementation of the Medium-Term Strategy of the Adaptation Fund for 2018–2022, the response of the Adaptation Fund to the pandemic and the value of the Adaptation Fund in building broader resilience;

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(v) The promotion of linkages of the Adaptation Fund with other bodies under the Convention, such as the Adaptation Committee, the Climate Technology Centre and Network, the Global Environment Facility, the Green Climate Fund, the Paris Committee on Capacity-building and the Standing Committee on Finance – the Adaptation Fund Board held discussions on linkages between the Adaptation Fund and the Green Climate Fund, including through a framework for promoting the scaling up of funded projects and the Community of Practice for Direct Access Entities;

(w) Policy decisions regarding project approval and implementation, including to streamline the project and programme review process, to update the policy for project and programme delays and to make readiness grants available throughout the year by including an additional review cycle;

(x) The approval of the updated Adaptation Fund gender policy and action plan and application of the updated Adaptation Fund project performance report template by implementing entities to track progress more systematically;

(y) Consideration of options for further enhancing civil society participation and engagement in Adaptation Fund work;

(z) The implementation of activities of the Technical Evaluation Reference Group of the Adaptation Fund as the basis for developing and approving its multi-year strategy and work programme and corresponding two-year budget, including evaluative activities as part of the multi-year strategy and work programme approved by the Adaptation Fund Board, such as the revision of the Adaptation Fund evaluation framework and the midterm review of the Medium-Term Strategy of the Adaptation Fund for 2018–2022;<sup>6</sup>

3. *Welcomes with appreciation* the decision of the Adaptation Fund Board to increase the finance access cap per country from USD 10 million to USD 20 million and the number of accredited national implementing entities per eligible developing country Party from one to two;

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<sup>6</sup> See Adaptation Fund Board document AFB/EFC.28/7. Available at <https://www.adaptation-fund.org/document/mid-term-review-of-the-medium-term-strategy-of-the-adaptation-fund/>.



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4. *Welcomes* the financial pledges to the Adaptation Fund made by the European Commission, the Governments of Canada, Finland, Germany, Ireland, Norway, Qatar, Spain, Sweden, Switzerland, the United Kingdom of Great Britain and Northern Ireland and the United States of America, as well as the governments of the Brussels-Capital, Flemish and Walloon Regions of Belgium and the provincial government of Quebec, equivalent to USD 356 million;

5. *Reiterates* the encouragement to scale up financial resources, including the provision of voluntary support, that are additional to the share of proceeds levied on certified emission reductions in order to support the resource mobilization efforts of the Adaptation Fund Board with a view to strengthening the Adaptation Fund;<sup>7</sup>

6. *Confirms* that developing country Parties to the Paris Agreement that are particularly vulnerable to the adverse effects of climate change are eligible for funding from the Adaptation Fund and *requests* the Adaptation Fund Board to amend the relevant operational policies and guidelines, as well as its strategic priorities, policies and guidelines accordingly;

7. *Confirms* that Parties to the Paris Agreement are eligible for membership on the Adaptation Fund Board and *requests* the Adaptation Fund Board to amend the relevant procedures and modalities;

8. *Also requests* the Subsidiary Body for Implementation to continue its consideration of matters relating to membership of the Adaptation Fund Board further to decision 1/CMP.14, paragraph 5, and to forward a recommendation to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol for consideration at its next session;

9. *Welcomes* the operationalization of the fast-track accreditation process on the basis of operational complementarities between the Adaptation Fund and the Green Climate Fund;

10. *Takes note* of the findings from the midterm review of the Medium-Term Strategy of the Adaptation Fund for 2018–2022 and *underlines* the relevance, niche function and ambition of the Adaptation Fund in contributing to the implementation of adaptation action in a timely manner;

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<sup>7</sup> Decision 3/CMP.15, para. 5.

11. *Requests* the Adaptation Fund Board, in line with its existing mandate and decision 1/CMP.3, to consider providing support for country-driven adaptation projects and programmes in developing countries with a view to contributing to enhancing implementation of their national adaptation plans and other voluntary adaptation planning processes;

12. *Notes* the importance of finalizing the draft resource mobilization strategy of the Adaptation Fund for 2021–2024 in order to encourage mobilization of resources for the Fund.

*10<sup>th</sup> plenary meeting  
13 November 2021*

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## Decision 4/CMP.16

(FCCC/KP/CMP/2021/8/Add.1)

### Fourth review of the Adaptation Fund

*The Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol,*

Recalling decisions 1/CMP.3, 6/CMP.6, 2/CMP.9, 2/CMP.10 and 1/CMP.14,

Also *recalling* decision 1/CP.21,

Further *recalling* decision 13/CMA.1,

1. *Decides* that the fourth review of the Adaptation Fund will be undertaken in accordance with decision 1/CMP.3, paragraph 33, and the terms of reference contained in the annex;
2. *Requests* the Adaptation Fund Board to make available in its report to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol at its seventeenth session (November 2022) and the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement at its fourth session (November 2022) information on the financial status of the Adaptation Fund, including information on the share of proceeds levied on first international transfers of assigned amount units and emission reduction units for Article 6 projects of the Kyoto Protocol, in accordance with decision 1/CMP.8, paragraph 21, with a view to the fourth review of the Adaptation Fund being finalized at the same session;
3. *Invites* Parties to the Kyoto Protocol, Parties to the Paris Agreement and observer organizations, as well as other interested international organizations, stakeholders and non-governmental organizations involved in the activities of the Adaptation Fund, and implementing entities accredited by the Adaptation Fund Board, to submit their views on the fourth review of the Adaptation Fund based on the terms of reference set out in the annex via the submission portal<sup>1</sup> by 31 March 2022 for consideration by the Subsidiary Body for Implementation at its fifty-sixth session (June 2022);

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<sup>1</sup> <https://www4.unfccc.int/sites/submissionsstaging/Pages/Home.aspx>.

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4. *Takes note* of decision 13/CMA.1, stating that the Adaptation Fund shall serve under the guidance of, and be accountable to, the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement with respect to all matters relating to the Paris Agreement, effective 1 January 2019, subject to the decision<sup>2</sup> on this matter made by the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol and *notes* decision 1/CMP.14, in which it decided, *inter alia*, to ensure that developing country Parties and developed country Parties that are Parties to the Paris Agreement are eligible for membership on the Adaptation Fund Board;

5. *Requests* the secretariat, in collaboration with the Adaptation Fund Board secretariat, to prepare a technical paper on the fourth review of the Adaptation Fund, in accordance with the terms of reference set out in the annex, taking into account the deliberations and conclusions of the Subsidiary Body for Implementation at its fifty-sixth session and the submissions referred to in paragraph 3 above, for consideration by the Subsidiary Body for Implementation at its fifty-seventh session (November 2022);

6. *Also requests* the Subsidiary Body for Implementation to complete its work on the fourth review of the Adaptation Fund at its fifty-seventh session, while welcoming the participation of Parties to the Paris Agreement, with a view to recommending a draft decision on the matter for consideration and adoption by the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol at its seventeenth session;

7. *Invites* the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement to consider the outcomes of the review at its fourth session.

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<sup>2</sup> Decision 1/CMP.14.

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## Annex

# Terms of reference for the fourth review of the Adaptation Fund

## I. Objective

1. The objective of the fourth review of the Adaptation Fund is to ensure the effectiveness, sustainability and adequacy of the Fund and its operations.

## II. Scope

2. The scope of the review will cover the progress made to date and lessons learned in the operationalization and implementation of the Fund and it will focus on, inter alia:

(a) The provision of sustainable, predictable, accessible and adequate financial resources and the mobilization of financial resources to fund concrete adaptation projects and programmes that are country driven and based on the needs, views and priorities of developing country Parties;

(b) Lessons learned from:

(i) The application of the access modalities of the Adaptation Fund, including its operational policies and guidelines, including its Streamlined Accreditation Process;

(ii) The project approval procedures of the Adaptation Fund and timeliness of disbursement of approved adaptation grants;

(iii) The results and impacts of approved adaptation projects and programmes;

(iv) The readiness programme for direct access to climate finance, including lessons learned from South–South cooperation and enhanced direct access grants;

(v) The programme for regional projects;

(vi) The Innovation Facility;

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(c) Programming and project coherence and complementarity between the Adaptation Fund and other institutions funding adaptation projects and programmes, in particular institutions under the Convention and the operating entities of the Financial Mechanism and its specialized funds;

(d) The institutional arrangements for the Adaptation Fund, in particular the arrangements with the interim secretariat and the interim trustee.

### **III. Sources of information**

3. The review shall draw upon, *inter alia*, the following sources of information:

(a) Submissions from Parties to the Kyoto Protocol, Parties to the Paris Agreement, observer organizations, other interested international organizations, stakeholders and non-governmental organizations involved in the activities of the Adaptation Fund, as well as implementing entities accredited by the Adaptation Fund Board, on their experience regarding the Adaptation Fund;

(b) The annual reports of the Global Environment Facility (GEF) to the Conference of the Parties (COP) on its activities as an operating entity of the Financial Mechanism, including the information on the Least Developed Countries Fund and the Special Climate Change Fund, and other relevant GEF policy, information and evaluation documents;

(c) The annual reports of the Green Climate Fund (GCF) to the COP on its activities as an operating entity of the Financial Mechanism and other relevant GCF policy and information documents;

(d) The report of the Adaptation Fund Board to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol, the Adaptation Fund annual performance report for the most recent fiscal year and the outcomes of previous reviews of the Adaptation Fund;

(e) The outcomes and reports emanating from United Nations processes, relevant bilateral and multilateral funding institutions and other intergovernmental and non-governmental organizations dealing with climate change financing;

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- (f) The reports of the relevant constituted bodies;
- (g) The reports on the work programme on long-term finance;<sup>1</sup>
- (h) The technical paper and summary for policymakers arising from the technical examination process on adaptation in 2020;
- (i) The reports on the independent evaluation of the Adaptation Fund (phase two) and the midterm review of the implementation of the Medium-Term Strategy of the Adaptation Fund for 2018–2022.<sup>2</sup>

*10<sup>th</sup> plenary meeting  
13 November 2021*

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<sup>1</sup> FCCC/CP/2012/3 and FCCC/CP/2013/7.

<sup>2</sup> Available at <https://www.adaptation-fund.org/document/management-response-overall-evaluation-fund-second-phase-action-plan/> and <https://www.adaptation-fund.org/document/mid-term-review-of-the-medium-term-strategy-of-the-adaptation-fund/>, respectively.

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## Decision 9/CMA.3

(FCCC/PA/CMA/2021/10/Add.3)

### New collective quantified goal on climate finance

*The Conference of the Parties serving as the meeting of the Parties to the Paris Agreement,*

*Recalling* decisions 1/CP.21, paragraph 53, and 14/CMA.1,

1. *Decides* to initiate the deliberations on setting a new collective quantified goal and to conduct the deliberations in an open, inclusive and transparent manner, ensuring participatory representativeness;
2. *Recognizes* that the deliberations on the new collective quantified goal will be cyclical in nature, with the political deliberations providing guidance to the technical work to be conducted and the technical work informing the political deliberations;
3. *Decides* to establish an ad hoc work programme for 2022–2024 under the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement (hereinafter referred to as the ad hoc work programme), to be facilitated by co-chairs, one from a developed country and one from a developing country, appointed, in consultation with the respective constituencies, by the President of the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement at its third, fourth (November 2022) and fifth (November 2023) sessions, respectively;
4. *Requests* the co-chairs of the ad hoc work programme to maintain regular consultations with the constituted bodies, in particular the Standing Committee on Finance, as well as United Nations agencies, climate finance experts, academia, and private sector and civil society actors with a view to informing the work programme;
5. *Decides* to conduct four technical expert dialogues per year as part of the ad hoc work programme, with one of these dialogues to be held in conjunction with the first regular session of the subsidiary bodies for the year and one to be held in conjunction with the session of the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement, and the two remaining dialogues



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to be organized in separate regions with a view to facilitating inclusive and balanced geographical participation;

6. *Requests* the co-chairs of the ad hoc work programme to organize the technical expert dialogues referred to in paragraph 5 above on the basis of the submissions referred to in paragraphs 17–18 below, and to allow sufficient time for the technical expert dialogues to make substantive progress;

7. *Also requests* the co-chairs of the ad hoc work programme to initiate preparations for organizing the technical expert dialogues referred to in paragraph 5 above taking into consideration the matters referred to in paragraph 16 below;

8. *Further requests* the secretariat, in organizing the technical expert dialogues referred to in paragraph 5 above, to ensure the participation of all interested Parties, academia, civil society actors, including youth, and private sector actors, and that all meetings are open to observers and webcast;

9. *Requests* the co-chairs of the ad hoc work programme to prepare an annual report on the work conducted under that work programme, including a summary and key findings of the technical expert dialogues referred to in paragraph 5 above, for consideration by the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement;

10. *Decides* to convene high-level ministerial dialogues starting in 2022 and ending in 2024, ensuring effective political engagement and open, meaningful and robust discussion, to be informed by the reports on the technical expert dialogues referred to in paragraph 5 above and the submissions referred to in paragraphs 17–18 below, with a view to providing guidance on the further direction of the ad hoc work programme for the following year;

11. *Requests* the President of the Conference of the Parties to prepare a summary of the deliberations at the high-level ministerial dialogues referred to in paragraph 10 above, including recommendations, for consideration by the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement at that session;

12. *Decides* to continue its deliberations on setting a new collective quantified goal at its fourth, fifth and sixth sessions, taking stock of the progress made and providing further guidance on the ad hoc work programme, taking into consideration the annual

reports of the co-chairs of the ad hoc work programme referred to in paragraph 9 above, including the key findings contained therein, and the summary reports on the high-level ministerial dialogues referred to in paragraph 11 above, including the guidance contained therein;

13. *Invites* the President of the Conference of the Parties to ensure the coherence and complementarity of the high-level ministerial dialogues;

14. *Requests* the secretariat to assist the co-chairs of the ad hoc work programme in implementing it;

15. *Decides* that the new collective quantified goal aims at contributing to accelerating the achievement of Article 2 of the Paris Agreement of holding the increase in the global average temperature to well below 2 °C above pre-industrial levels and pursuing efforts to limit the temperature increase to 1.5 °C above pre-industrial levels, recognizing that this would significantly reduce the risks and impacts of climate change; increasing the ability to adapt to the adverse impacts of climate change and foster climate resilience and low greenhouse gas emission development in a manner that does not threaten food production; and making finance flows consistent with a pathway towards low greenhouse gas emission and climate-resilient development;

16. *Also decides* that the consideration of the new collective quantified goal will be in line with decision 14/CMA.1 and take into account the needs and priorities of developing countries and include, inter alia, quantity, quality, scope and access features, as well as sources of funding, of the goal and transparency arrangements to track progress towards achievement of the goal, without prejudice to other elements that will also be considered as the deliberations evolve and taking into consideration the submissions referred to in paragraphs 17–18 below;

17. *Invites* Parties, constituted bodies under the Convention and the Paris Agreement, the operating entities of the Financial Mechanism, climate finance institutions, observers and observer organizations, and other stakeholders, particularly from the private sector, to submit their views on the objectives referred to in paragraph 15 above and on the elements referred to in paragraph 16

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above via the submission portal<sup>1</sup> by February and August 2022 respectively;

18. *Requests* the secretariat to prepare a technical paper on the submissions referred to in paragraph 17 above;

19. *Agrees* that the deliberations shall be informed by and take into consideration, inter alia:

(a) Inputs from Parties; constituted bodies, including their relevant outputs, in particular the biennial assessment and overview of climate finance flows and the report on the determination of the needs of developing country Parties related to implementing the Convention and the Paris Agreement of the Standing Committee on Finance; international organizations and observers, as well as inputs received through relevant processes under the Paris Agreement, including on experience gained in implementing the Convention and the Paris Agreement;

(b) The best available scientific information, including the findings of the Intergovernmental Panel on Climate Change;

(c) Information from other relevant intergovernmental processes and insights from the business and research communities and from civil society;

(d) Information from Parties, particularly information related to the needs of developing countries;

(e) Other technical reports prepared by the secretariat and other independent organizations and observers;

20. *Takes note* of the estimated budgetary implications of the activities to be undertaken by the secretariat referred to in paragraphs 14 and 18 above;

21. *Requests* that the actions of the secretariat called for in this decision be undertaken subject to the availability of financial resources;

22. *Decides* to conclude its deliberations by setting the new collective quantified goal in 2024.

*12<sup>th</sup> plenary meeting  
13 November 2021*

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<sup>1</sup> <https://www4.unfccc.int/sites/submissionsstaging/Pages/Home.aspx>.

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## Decision 10/CMA.3

(FCCC/PA/CMA/2021/10/Add.3)

### Matters relating to the Standing Committee on Finance

*The Conference of the Parties serving as the meeting of the Parties to the Paris Agreement,*

*Recalling* Article 9 of the Paris Agreement,

*Also recalling* decisions 1/CP.21, paragraphs 53 and 63, 11/CP.25, 14/CMA.1 and 5/CMA.2,

1. *Affirms* decision 5/CP.26, which, inter alia, welcomes the reports of the Standing Committee on Finance and endorsed the findings and recommendations contained therein;

2. *Invites* Parties, the operating entities of the Financial Mechanism, international financial institutions and other stakeholders in the financial sector to submit via the submission portal<sup>1</sup> their views regarding ways to achieve Article 2, paragraph 1(c), of the Paris Agreement, including options for approaches and guidelines for implementation, by 30 April 2022 and *requests* the Standing Committee on Finance to submit a synthesis for consideration by the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement at its fourth session (November 2022);

3. *Also requests* the Standing Committee on Finance to continue its work on definitions of climate finance, taking into account the submissions received from Parties on this matter,<sup>2</sup> with a view to providing input for consideration by the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement at its fourth session;

4. *Further requests* the Standing Committee on Finance to report to the Conference of the Parties serving as the meeting of the

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<sup>1</sup> <https://www4.unfccc.int/sites/submissionsstaging/Pages/Home.aspx>.

<sup>2</sup> In response to decision 5/CMA.2, para. 10.

Parties to the Paris Agreement at its fourth session on progress in implementing its 2022 workplan;<sup>3</sup>

5. *Requests* the Standing Committee on Finance to consider the guidance provided to it in other relevant decisions of the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement.

*12<sup>th</sup> plenary meeting  
13 November 2021*

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<sup>3</sup> FCCC/CP/2021/10–FCCC/PA/CMA/2021/7, annex II.

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## Decision 11/CMA.3

(FCCC/PA/CMA/2021/10/Add.3)

### Guidance to the Green Climate Fund

*The Conference of the Parties serving as the meeting of the Parties to the Paris Agreement,*

1. *Recommends* that the Conference of the Parties at its twenty-sixth session transmit to the Green Climate Fund the guidance contained in paragraphs 2–8 below;<sup>1</sup>
2. *Welcomes* the reports of the Green Climate Fund to the Conference of the Parties at its twenty-sixth session,<sup>2</sup> including the list of actions taken by the Board of the Green Climate Fund (hereinafter referred to as the Board) in response to guidance received from the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement;
3. *Also welcomes* the continued efforts of the Green Climate Fund to make a significant and ambitious contribution to the global effort to meet the goals set by the international community in relation to combating climate change;
4. *Takes note* of the continued efforts of the Board to provide financial resources for activities relevant to averting, minimizing and addressing loss and damage in developing country Parties consistent with the existing investment, results framework and funding windows and structures of the Green Climate Fund, including through the Project Preparation Facility and the Readiness and Preparatory Support Programme;
5. *Welcomes* the Updated Strategic Plan for the Green Climate Fund for 2020–2023,<sup>3</sup> which is aimed at, inter alia, supporting the Board in guiding and enabling Green Climate Fund programming to promote paradigm shift across both high-impact areas of mitigation potential and countries' adaptation and resilience needs, including by supporting a wider alignment of financial flows with countries'

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<sup>1</sup> In accordance with decision 1/CP.21, para. 61.

<sup>2</sup> FCCC/CP/2020/5 and FCCC/CP/2021/8.

<sup>3</sup> Contained in Green Climate Fund document GCF/B.27/21, annex II. Available at <https://www.greenclimate.fund/document/gcf-b27-21>.

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climate plans and strategies consistent with a pathway towards low-emission and climate-resilient development;

6. *Requests* the Board to continue to enhance support for mitigation proposals, in line with the governing instrument and investment framework, that support countries in contributing to holding the increase in the global average temperature to well below 2 °C above pre-industrial levels and pursuing efforts to limit the temperature increase to 1.5 °C above pre-industrial levels;

7. *Takes note* of the exceptional circumstances of the coronavirus disease 2019 pandemic and its significant impact on the implementation of the Board's updated four-year workplan, *recognizes* the Board's efforts during that period and *encourages* the Board to continue to improve the efficiency and effectiveness of its work;

8. *Requests* the Board to continue to enhance support for the implementation of adaptation projects and programmes, in line with the governing instrument, informed by national adaptation plans and other voluntary adaptation planning processes, and adaptation communications, including those submitted as components of nationally determined contributions, as applicable, with a view to contributing to the global goal on adaptation to enhance adaptive capacity, strengthen resilience and reduce vulnerability to climate change, and in line with the guiding principles and factors for determining terms of financial instruments.<sup>4</sup>

*12<sup>th</sup> plenary meeting  
13 November 2021*

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<sup>4</sup> Available at <https://www.greenclimate.fund/document/guiding-principles-and-factors-determining-terms-financial-instruments>.

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## Decision 12/CMA.3

(FCCC/PA/CMA/2021/10/Add.3)

### Guidance to the Global Environment Facility

*The Conference of the Parties serving as the meeting of the Parties to the Paris Agreement,*

*Recalling* decision 7/CMA.2,

*Noting* paragraph 9(b) of the Instrument for the Establishment of the Restructured Global Environment Facility,<sup>1</sup>

1. *Recommends* that the Conference of the Parties at its twenty-sixth session transmit to the Global Environment Facility the guidance contained in paragraphs 2–10 below;<sup>2</sup>

2. *Calls upon* developed country Parties to make financial contributions to the Global Environment Facility to contribute to a robust eighth replenishment of the Global Environment Facility to support developing countries in implementing the Paris Agreement and *encourages* additional voluntary financial contributions to the eighth replenishment of the Global Environment Facility;

3. *Welcomes* the actions taken by the Global Environment Facility to provide support to developing country Parties in accordance with Article 13, paragraphs 14–15, of the Paris Agreement for preparing their biennial transparency reports and building their institutional and technical capacity for implementing the enhanced transparency framework under the Paris Agreement;

4. *Also welcomes* that the Capacity-building Initiative for Transparency, established pursuant to decision 1/CP.21, paragraph 84, will continue to support developing country Parties, upon their request, in building their institutional and technical capacity for implementing the enhanced transparency framework and *encourages* the Global Environment Facility, Parties and implementing agencies

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<sup>1</sup> Global Environment Facility. 2019. *Instrument for the Establishment of the Restructured Global Environment Facility*. Washington, D.C.: Global Environment Facility. Available at <https://www.thegef.org/documents/instrument-establishment-restructured-gef>.

<sup>2</sup> In accordance with decision 1/CP.21, para. 61.



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to work collaboratively to ensure that this support is delivered in a timely manner;

5. *Requests* the Global Environment Facility to continue to facilitate improved access to the Capacity-building Initiative for Transparency by developing country Parties;

6. *Also requests* the Global Environment Facility to consider increasing its support for implementation of the enhanced transparency framework as part of its eighth replenishment process;

7. *Further requests* the Global Environment Facility to contribute to the consideration of the support provided to developing country Parties referred to in decision 5/CMA.3, paragraph 42, by:

(a) Estimating the cost to developing countries of implementing the enhanced transparency framework, which includes establishing and enhancing a reporting system, as well as the full agreed cost of reporting and the cost of capacity-building for reporting;

(b) Considering how to adequately incorporate the costs referred to in paragraph 7(a) above into the set-aside of the eighth replenishment process of the Global Environment Facility, while taking the necessary measures to ensure, as appropriate, that the set-aside does not impact the allocation of resources to developing countries under the System for Transparent Allocation of Resources;

(c) Reporting to the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement at its fourth session (November 2022) on any actions taken to implement the guidance contained in paragraph 7(a–b) above and any changes to the estimated costs referred to in paragraph 7(a) above;

(d) Reporting to the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement on activities and provision of support under the Capacity-building Initiative for Transparency and on the provision of support for reporting under the Paris Agreement, as well as monitoring and reporting on the timeliness of project review, approval and preparation, including disaggregated tracking of each element of project development (from project identification form approval to submission of chief executive officer approval request and disbursement through implementing agencies);

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8. *Requests* the Global Environment Facility to consider combining the application processes for support for producing biennial transparency reports, including by considering raising the funding ceiling for expedited enabling activity projects, and for Capacity-building Initiative for Transparency projects, as appropriate, and by developing an expedited process for projects related to preparing biennial transparency reports;

9. *Encourages* the Global Environment Facility, Parties and implementing agencies to work collaboratively to ensure that financing for national inventory reports and biennial transparency reports is delivered in a timely manner, including by utilizing the bundled application modality and expedited procedures for enabling activities, and *requests* the Global Environment Facility to monitor the timeliness of project review, approval and preparation, including disaggregated tracking of each phase of project development (from project identification form approval to submission of chief executive officer approval request and disbursement through implementing agencies) and report to the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement at its fourth session on the actions taken to implement the guidance contained in this paragraph;

10. *Also requests* the Global Environment Facility to consider raising the funding ceiling for expedited enabling activities.

*12<sup>th</sup> plenary meeting  
13 November 2021*

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## Decision 13/CMA.3

(FCCC/PA/CMA/2021/10/Add.3)

### Matters relating to the Adaptation Fund

*The Conference of the Parties serving as the meeting of the Parties to the Paris Agreement,*

*Recalling* decisions 1/CMP.3, 1/CMP.4, 2/CMP.10, 1/CMP.11, 2/CMP.12, 1/CMP.13, 1/CMP.14 and 3/CMP.15,

1. *Notes with appreciation* decisions 13/CMA.1, paragraph 1, and 1/CMP.14, paragraph 2, which state that the Adaptation Fund shall serve the Paris Agreement with respect to all matters relating to the Paris Agreement;

2. *Takes note* of the annual report of the Adaptation Fund Board for 2019 and decision 3/CMP.15, paragraph 1;

3. *Notes* the annual reports of the Adaptation Fund Board for 2020 and 2021<sup>1</sup> and the information contained therein;

4. *Also notes* the following information, actions and decisions relating to the Adaptation Fund Board presented in the reports referred to in paragraph 3 above:

(a) The accreditation of 4 national implementing entities, 2 multilateral implementing entities and 1 regional implementing entity (with the national implementing entities granted direct access to resources from the Adaptation Fund), resulting in a total number of accredited implementing entities of 33 national (of which 9 in the least developed countries and 7 in small island developing States), 14 multilateral and 7 regional implementing entities, of which 31 were reaccredited (16 national implementing entities, 4 regional implementing entities and 11 multilateral implementing entities) for accessing resources from the Adaptation Fund directly;

(b) Cumulative project and programme approvals increasing by around 32 per cent to USD 744.58 million between 1 July 2019 and 30 June 2020 and by 12 per cent to USD 831.49 million between 1 July 2020 and 30 June 2021, despite the

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<sup>1</sup> FCCC/KP/CMP/2020/2–FCCC/PA/CMA/2020/2 and FCCC/KP/CMP/2021/2–FCCC/PA/CMA/2021/4 and Add.1.

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challenging circumstances related to the coronavirus disease 2019 pandemic;

(c) Resources available for new funding approvals amounting to USD 167.20 million as at 30 June 2020 and USD 195.69 million as at 30 June 2021;

(d) New funding approvals, including for concrete single-country and regional (multi-country) proposals, grant proposals under the Medium-Term Strategy of the Adaptation Fund for 2018–2022<sup>2</sup> and readiness grants amounting to USD 180.5 million as at 30 June 2020 and USD 86.9 million as at 30 June 2021;

(e) An active pipeline of project and programme proposals submitted but not approved amounting to around USD 286 million as at 30 June 2020 and USD 279 million as at 30 June 2021, reflecting an upward trend from previous years;

(f) The cumulative receipts of USD 1,107.40 million, as at 30 June 2021, into the Adaptation Fund Trust Fund, comprising USD 208.38 million from the monetization of certified emission reductions, USD 858.82 million from contributions and USD 40.21 million from investment income earned on the Trust Fund balance;

(g) Contributions amounting to USD 200.89 million between 1 July 2019 and 30 June 2021 from the Governments of Germany, Ireland, Norway, Poland, Spain, Sweden and Switzerland, as well as the governments of the Brussels-Capital, Flemish and Walloon Regions of Belgium; new pledges amounting to USD 116 million from the Governments of Germany, Ireland, Italy and Sweden, as well as the governments of the Brussels-Capital and Walloon Regions of Belgium, towards the Adaptation Fund resource mobilization target of USD 120 million per year for the biennium 2020–2021; direct funding of EUR 10 million from the European Commission for a programme under the Adaptation Fund Innovation Facility; and the transfer of aggregated contributions from the United Nations Foundation, comprising various individual donations made between 1 July 2019 and 30 June 2020, prepared by the Adaptation Fund Board secretariat and the trustee;

(h) Outstanding pledges of USD 21.85 million as at 30 June 2020 and outstanding contributions of USD 36.27 million as at 30 June 2021;

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<sup>2</sup> See <https://www.adaptation-fund.org/document/medium-term-strategy-2018-2022/>.

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(i) The approval of 29 single-country project or programme proposals submitted by implementing entities, totalling USD 174 million, of which 9 proposals submitted by national implementing entities, amounting to USD 14.5 million; 1 single-country proposal submitted by a regional implementing entity, amounting to USD 9.9 million; and 19 single-country proposals submitted by multilateral implementing entities, totalling USD 149.6 million;

(j) The recommendation of the Project and Programme Review Committee to approve nine regional (multi-country) projects amounting to USD 93.9 million, for which funding was not readily available for one project from the tentatively set-aside amount, and the resulting decision of the Adaptation Fund Board to place it on a waitlist, to be approved intersessionally subject to the availability of funds;

(k) The ongoing implementation of activities under the Medium-Term Strategy of the Adaptation Fund for 2018–2022, with the second, third, fourth and fifth review cycles for grant funding windows for innovation, learning and project scale-up and the approval by the Adaptation Fund Board of the first four small-grant proposals for innovation, the first grant proposal for project scale-up and two grant proposals for learning, totalling USD 1,348,322; and the launch of two new innovation aggregator programmes, totalling USD 10 million, that offer small grants for innovation to non-accredited entities via two accredited multilateral implementing entities;

(l) The facilitation of the 2<sup>nd</sup> meeting of the Committee of the Community of Practice for Direct Access Entities, held with the participation of the Green Climate Fund;

(m) New activities under the Medium-Term Strategy of the Adaptation Fund for 2018–2022, including the approval of large grants for innovation and a funding window for enhanced direct access; the endorsement of the principles of locally led adaptation action following engagement with the Global Commission; and the launch of the Adaptation Fund Climate Innovation Accelerator;

(n) The launch of a virtual learning course on unlocking adaptation finance and accessing the Adaptation Fund;

(o) The approval of funding decisions for readiness grants amounting to USD 234,820, consisting of South–South cooperation

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grants and technical assistance grants for the environmental and social safeguards policy and the gender policy; and a new readiness support package grant window following a successful pilot phase;

(p) The organization of virtual readiness events for accredited national implementing entities, including two webinars on project development, a global accreditation training workshop and a country exchange for South–South learning;

(q) Cumulative disbursements to the 121 projects approved since the operationalization of the Adaptation Fund amounting to USD 485.9 million, including USD 76.2 million disbursed between 1 July 2020 and 30 June 2021;

(r) The implementation of proactive measures to support Parties and implementing entities in mitigating the effects of the pandemic and minimizing any related disruption, and to mitigate the impact on the portfolio of the Adaptation Fund;

(s) The issuance of targeted communication and messaging on themes such as the unique value of the pioneering scalable work of the Adaptation Fund, the implementation of the Medium-Term Strategy of the Adaptation Fund for 2018–2022, the response of the Adaptation Fund to the pandemic and the value of the Adaptation Fund in building broader resilience;

(t) The promotion of linkages of the Adaptation Fund with other bodies under the Convention, such as the Adaptation Committee, the Climate Technology Centre and Network, the Global Environment Facility, the Green Climate Fund, the Paris Committee on Capacity-building and the Standing Committee on Finance – the Adaptation Fund Board held discussions on linkages between the Adaptation Fund and the Green Climate Fund, including through a framework for promoting the scaling up of funded projects and the Community of Practice for Direct Access Entities;

(u) Policy decisions regarding project approval and implementation, including to streamline the project and programme review process, to update the policy for project and programme delays and to make readiness grants available throughout the year by including an additional review cycle;

(v) The approval of the updated Adaptation Fund gender policy and action plan and application of the updated Adaptation

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Fund project performance report template by implementing entities to track progress more systematically;

(w) Consideration of options for further enhancing civil society participation and engagement in Adaptation Fund work;

(x) The implementation of activities of the Technical Evaluation Reference Group of the Adaptation Fund as the basis for developing and approving its multi-year strategy and work programme and corresponding two-year budget, including evaluative activities as part of the multi-year strategy and work programme approved by the Adaptation Fund Board, such as the revision of the Adaptation Fund evaluation framework and the midterm review of the Medium-Term Strategy of the Adaptation Fund for 2018–2022;<sup>3</sup>

5. *Welcomes with appreciation* the decision of the Adaptation Fund Board to increase the finance access cap per country from USD 10 million to USD 20 million and the number of accredited national implementing entities per eligible developing country Party from one to two;<sup>4</sup>

6. *Welcomes* the financial pledges to the Adaptation Fund made by the European Commission, the Governments of Canada, Finland, Germany, Ireland, Norway, Qatar, Spain, Sweden, Switzerland, the United Kingdom of Great Britain and Northern Ireland and the United States of America, as well as the governments of the Brussels-Capital, Flemish and Walloon Regions of Belgium and the provincial government of Quebec, equivalent to USD 356 million;

7. *Takes note* of decision 3/CMP.16, *confirms* that developing country Parties to the Paris Agreement that are particularly vulnerable to the adverse effects of climate change are eligible for funding from the Adaptation Fund, *recalls* decision 1/CMP.3, paragraph 4, and *invites* the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol to request the Adaptation Fund Board to amend the relevant operational policies and guidelines, as well as its strategic priorities, policies and guidelines accordingly;

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<sup>3</sup> See Adaptation Fund Board document AFB/EFC.28/7. Available at <https://www.adaptation-fund.org/document/mid-term-review-of-the-medium-term-strategy-of-the-adaptation-fund/>.

<sup>4</sup> Adaptation Fund Board decision B.36/42. Available at <https://www.adaptation-fund.org/documents-publications/>.

8. *Takes note* of decision 3/CMP.16, *confirms* that Parties to the Paris Agreement are eligible for membership on the Adaptation Fund Board, *recalls* decision 1/CMP.3, paragraph 4, and *invites* the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol to request the Adaptation Fund Board to amend the relevant procedures and modalities;

9. *Requests* the Adaptation Fund Board to provide an update on its progress in assisting developing country Parties in meeting their adaptation commitments under the Paris Agreement;

10. *Reiterates* the encouragement to scale up financial resources, including the provision of voluntary support, that are additional to the share of proceeds levied on certified emission reductions in order to support the resource mobilization efforts of the Adaptation Fund Board with a view to strengthening the Adaptation Fund;<sup>5</sup>

11. *Requests* the Adaptation Fund Board, in line with its existing mandate and decisions 1/CMP.3 and 1/CMP.4, to consider and provide an update on its activities and scope of support in relation to assisting developing country Parties to the Paris Agreement, including information on:

(a) Actions in relation to needs and priorities identified in adaptation planning processes, including national adaptation plans, nationally determined contributions, adaptation communications and other voluntary adaptation reports, taking into consideration gaps and challenges faced by countries;

(b) Institutional capacity-building in countries aimed at enhancing access to the Adaptation Fund;

(c) Efforts to support the global goal on adaptation of enhancing adaptive capacity, strengthening resilience and reducing vulnerability to climate change with a view to contributing to sustainable development and ensuring an adequate adaptation response in the context of the global temperature goal referred to in Article 2 of the Paris Agreement;

12. *Notes* the summary by the Adaptation Fund Board<sup>6</sup> of its consideration of its rules of procedure; the implications of the Adaptation Fund receiving the share of proceeds from activities under Articles 6, 12 and 17 of the Kyoto Protocol when the

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<sup>5</sup> Decision 3/CMP.15, para. 5.

<sup>6</sup> Pursuant to decision 1/CMP.14, para. 6.



Adaptation Fund serves the Paris Agreement; and any other matter so as to ensure that the Adaptation Fund serves the Paris Agreement smoothly;<sup>7</sup>

13. *Encourages* the Adaptation Fund Board to continue its consideration of its rules of procedure in the context of serving the Paris Agreement, including after the Subsidiary Body for Implementation has concluded its consideration of matters related to membership of the Adaptation Fund Board.<sup>8</sup>

*12<sup>th</sup> plenary meeting  
13 November 2021*

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<sup>7</sup> See document FCCC/KP/CMP/2019/4/Add.1–FCCC/PA/CMA/2019/2/Add.1, annexes IV–V.

<sup>8</sup> See decision 1/CMP.14, para. 5.

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**Decision 14/CMA.3***(FCCC/PA/CMA/2021/10/Add.3)***Compilation and synthesis of, and summary report on the in-session workshop on, biennial communications of information related to Article 9, paragraph 5, of the Paris Agreement**

*The Conference of the Parties serving as the meeting of the Parties to the Paris Agreement,*

*Recalling* Article 9, paragraphs 1–5, of the Paris Agreement,

*Also recalling* Articles 3, 4, 7, 10, 11 and 14 of the Paris Agreement,

*Further recalling* decisions 3/CP.19, 1/CP.21, 13/CP.22, 12/CP.23 and 12/CMA.1, paragraphs 9–11,

*Underlining* the importance of Article 9, paragraphs 1 and 3, of the Paris Agreement on this matter,

*Recalling* that developed country Parties, as part of a global effort, should continue to take the lead in mobilizing climate finance from a wide variety of sources, instruments and channels, noting the significant role of public funds, through a variety of actions, including supporting country-driven strategies, and taking into account the needs and priorities of developing country Parties, and that such mobilization of climate finance should represent a progression beyond previous efforts,

*Underlining* the commitment to continuously improve the transparency of climate finance flows and enhance accountability,

1. *Recognizes* the importance of predictability and clarity of information on financial support for the implementation of the Paris Agreement in accordance with decision 12/CMA.1;
2. *Reiterates* that developed country Parties shall biennially communicate indicative quantitative and qualitative information related to Article 9, paragraphs 1 and 3, of the Paris Agreement, as applicable, including, as available, projected levels of public financial resources to be provided to developing country Parties, and

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that other Parties providing resources are encouraged to communicate biennially such information on a voluntary basis;<sup>1</sup>

3. *Welcomes* the first biennial communications of developed country Parties received to date<sup>2</sup> in accordance with decision 12/CMA.1;

4. *Recognizes with concern* that not all developed country Parties have provided biennial communications in accordance with Article 9, paragraph 5, of the Paris Agreement and as specified in the annex to decision 12/CMA.1;

5. *Urges* developed country Parties to submit biennial communications in 2022;

6. *Welcomes* the compilation and synthesis<sup>3</sup> prepared by the secretariat of the information contained in the first biennial communications in accordance with Article 9, paragraph 5, of the Paris Agreement;

7. *Underscores* the importance of the information contained in the biennial communications referred to in paragraph 2 above and identified in the compilation and synthesis referred to in paragraph 6 above, including in relation to:

(a) Making finance flows consistent with a pathway towards low-emission and climate-resilient development in accordance with Article 2, paragraph 1(c), of the Paris Agreement;

(b) Developing actions and plans for mobilizing private climate finance;

(c) Effectively addressing the needs and priorities of developing countries, including striking a balance between support for mitigation and adaptation;

(d) Integrating climate change considerations, including climate resilience, into international development assistance;

(e) Improving enabling environments to strengthen the absorptive capacity of developing countries;

(f) Reflecting on lessons learned for informing future efforts in providing, mobilizing and delivering climate finance;

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<sup>1</sup> Article 9, para. 5, of the Paris Agreement.

<sup>2</sup> Available at <https://unfccc.int/Art.9.5-biennial-communications>.

<sup>3</sup> FCCC/PA/CMA/2021/3.

8. *Welcomes* the summary report<sup>4</sup> on the biennial in-session workshop on information to be provided by Parties in accordance with Article 9, paragraph 5, of the Paris Agreement held on 11 June 2021 and *invites* Parties and relevant institutions to consider the key findings and messages contained therein;

9. *Recalls* that the next biennial in-session workshop on information to be provided by Parties in accordance with Article 9, paragraph 5, of the Paris Agreement will be held in 2023;<sup>5</sup>

10. *Notes* that the elements for discussion at the workshop referred to in paragraph 9 above will be based on the information in the compilation and synthesis reports referred to in paragraphs 6 above and 16 below and the summary report referred in paragraph 8 above, including lessons learned;

11. *Requests* the secretariat to organize the workshop referred to in paragraph 9 above and prepare a summary report on the workshop for consideration by the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement at its fifth session (November 2023);

12. *Also requests* developed country Parties to submit their second biennial communications in 2022, in accordance with decision 12/CMA.1, paragraph 4, before 31 December 2022;

13. *Invites* developed country Parties to take into account the areas for improvement identified in the summary report referred to in paragraph 8 above in preparing their second biennial communications in 2022 in accordance with the annex to decision 12/CMA.1, particularly in relation to:

(a) The indicative projections of climate finance for developing countries and specific plans for scaling up the provision and mobilization of climate finance;

(b) The information provided on projected levels of climate finance and lack of detail on themes, various channels and instruments across the biennial communications;

(c) The information on the shares of projected climate finance for adaptation and mitigation, and on plans for addressing the balance between the two;

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<sup>4</sup> FCCC/PA/CMA/2021/5.

<sup>5</sup> Decision 12/CMA.1, para. 8.

14. *Recognizes* that developed country Parties submitted information related to Article 9, paragraphs 1 and 3, of the Paris Agreement for the first time in 2020 and that improvements based on lessons learned should be considered when preparing biennial communications in 2022, taking into account the areas for improvement identified in the summary report referred to in paragraph 8 above, and, in accordance with decision 12/CMA.1 and its annex, including enhancing the quality and granularity of information on programmes, including projected levels, channels and instruments, particularly on climate finance for the least developed countries and small island developing States, and on relevant methodologies and assumptions;

15. *Encourages* other Parties providing resources to communicate biennially the information referred to in paragraph 2 above on a voluntary basis;

16. *Requests* the secretariat to prepare a compilation and synthesis of the biennial communications in accordance with decision 12/CMA.1, paragraph 7;

17. *Welcomes* the deliberations at the first high-level ministerial dialogue on climate finance in accordance with decision 12/CMA.1, paragraph 10, and *looks forward* to the summary thereof to be prepared by the Presidency of the Conference of the Parties;

18. *Takes note* of the estimated budgetary implications of the activities to be undertaken by the secretariat referred to in paragraphs 11 and 16 above;

19. *Requests* that the actions of the secretariat called for in this decision be undertaken subject to the availability of financial resources.

*12<sup>th</sup> plenary meeting  
13 November 2021*

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## Decision 11/CP.25

(FCCC/CP/2019/13/Add.2)

### Matters relating to the Standing Committee on Finance

*The Conference of the Parties,*

*Recalling* Articles 4 and 11 of the Convention,

*Also recalling* decisions 12/CP.2, 1/CP.16, paragraph 112, and 2/CP.17, paragraphs 120–121, as well as decisions 5/CP.18, 5/CP.19, 7/CP.19, 6/CP.20, 6/CP.21, 8/CP.22, 7/CP.23, 8/CP.23, 4/CP.24 and 5/CMA.2,

1. *Takes note* of the report of the Standing Committee on Finance to the Conference of the Parties at its twenty-fifth session and the recommendations contained therein<sup>1</sup>;

2. *Endorses* the workplan<sup>2</sup> of the Standing Committee on Finance for 2020 and *underlines* the importance of the Standing Committee on Finance focusing its work in 2020 in accordance with its current mandates;

3. *Notes* the outcomes of the discussions of the Standing Committee on Finance on the 2020 Biennial Assessment and Overview of Climate Finance Flows and the report on the determination of the needs of developing country Parties related to implementing the Convention and the Paris Agreement as well as the respective workplans, outreach activities and indicative timelines for preparation;<sup>3</sup>

4. *Expresses its appreciation* to the Governments of Australia, Belgium, Germany, Norway, the Philippines and Switzerland for their financial contributions to support the work of the Standing Committee on Finance;

5. *Welcomes* the 2019 Forum of the Standing Committee on Finance, on the topic of climate finance and sustainable cities, with a focus on enhancing understanding of how to accelerate the mobilization and delivery of climate finance for the development of

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<sup>1</sup> FCCC/CP/2019/10–FCCC/PA/CMA/2019/3.

<sup>2</sup> FCCC/CP/2019/10–FCCC/PA/CMA/2019/3, annex V.

<sup>3</sup> FCCC/CP/2019/10–FCCC/PA/CMA/2019/3, annexes II and III, respectively.

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sustainable cities, and *takes note* of the summary report<sup>4</sup> on the Forum;

6. *Expresses its gratitude* to the Governments of Australia, Lebanon and Norway, as well as to the United Nations Economic and Social Commission for Western Asia, the Union for the Mediterranean, and the Islamic Development Bank, for their financial, administrative and substantive support, which contributed to the success of the 2019 Forum of the Standing Committee on Finance;

7. *Welcomes* the decision of the Standing Committee on Finance on the topic of its 2020 Forum, which will be financing nature-based solutions;

8. *Notes* the inputs of the Standing Committee on Finance to the technical paper on the elaboration of the sources of and modalities for accessing financial support for addressing loss and damage;<sup>5</sup>

9. *Encourages* the Standing Committee on Finance to present, to the extent possible, disaggregated information in relation to, inter alia, mapping data availability and gaps by sector, assessing climate finance flows and presenting information on the determination of the needs of developing country Parties related to implementing the Convention and the Paris Agreement;

10. *Underscores* the important contribution of the Standing Committee on Finance in relation to the operational definitions of climate finance, and *invites* Parties to submit via the submission portal,<sup>6</sup> by 30 April 2020, their views on the operational definitions of climate finance for consideration by the Standing Committee on Finance in order to enhance its technical work on this matter in the context of preparing its 2020 Biennial Assessment and Overview of Climate Finance Flows;

11. *Takes note* of the strategic outreach plan<sup>7</sup> of the Standing Committee on Finance on enhancing stakeholder engagement;

12. *Encourages* the Standing Committee on Finance, in implementing its strategic outreach plan, to build on existing efforts

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<sup>4</sup> FCCC/CP/2019/10/Add.1–FCCC/PA/CMA/2019/3/Add.1.

<sup>5</sup> FCCC/TP/2019/1.

<sup>6</sup> <https://www4.unfccc.int/sites/submissionsstaging/Pages/Home.aspx>.

<sup>7</sup> FCCC/CP/2019/10–FCCC/PA/CMA/2019/3, annex IV.

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to reach out to developing country Parties and relevant developing country stakeholders when generating data and information for the determination of the needs of developing country Parties related to implementing the Convention and the Paris Agreement;

13. *Looks forward* to the inputs that may be provided by the Executive Committee of the Warsaw International Mechanism for Loss and Damage associated with Climate Change Impacts to the work of the Standing Committee on Finance for its consideration in preparing elements of draft guidance for the operating entities;

14. *Encourages* the Standing Committee on Finance to continue to enhance its efforts towards ensuring gender-responsiveness in implementing its workplan;

15. *Emphasizes* the importance of the transparency of the proceedings and decision-making processes of the Standing Committee on Finance;

16. *Takes note* of the appointment of Standing Committee on Finance focal points to liaise with the other constituted bodies under the Convention and the Paris Agreement;

17. *Decides* to initiate the review of the functions<sup>8</sup> of the Standing Committee on Finance at the twenty-seventh session of the Conference of the Parties (November 2021), noting decision 5/CMA.2, with a view to concluding it at its twenty-eighth session (November 2022);

18. *Requests* the Standing Committee on Finance to report to the Conference of the Parties at its twenty-sixth session (November 2020) on progress in implementing its workplan;

19. *Also requests* that the actions of the Standing Committee on Finance called for in this decision be undertaken subject to the availability of financial resources.

*8<sup>th</sup> plenary meeting  
15 December 2019*

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<sup>8</sup> Pursuant to decision 2/CP.17, annex VI, para. 10.



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## Decision 12/CP.25

(FCCC/CP/2019/13/Add.2)

### **Report of the Green Climate Fund to the Conference of the Parties and guidance to the Green Climate Fund**

*The Conference of the Parties,*

*Recalling* decision 3/CP.17, annex,

*Also recalling* decision 10/CP.22, paragraph 5,

1. *Welcomes* the report of the Green Climate Fund to the Conference of the Parties at its twenty-fifth session and its addendum,<sup>1</sup> including the list of actions taken by the Board of the Green Climate Fund (hereinafter referred to as the Board) in response to guidance received from the Conference of the Parties;

2. *Also welcomes* the progress of the Green Climate Fund in 2019 on the following, including in relation to guidance provided by the Conference of the Parties:

(a) The increase in the number of project proposals approved, which brings the total amount approved by the Board to USD 5.6 billion to support the implementation of 124 adaptation and mitigation projects and programmes in 105 developing countries;

(b) The increase in the number of entities accredited by the Board, which brings the total number of accredited entities to 95, of which 56 are direct access entities;

(c) The adoption of procedures for adopting decisions in the event that all efforts at reaching consensus have been exhausted, as specified in the Governing Instrument for the Green Climate Fund;

(d) The adoption of a revised strategy for the Readiness and Preparatory Support Programme;

(e) The adoption of the policy on the restructuring and cancellation of projects and programmes;

(f) The adoption of the updated Gender Policy and Action Plan 2020–2023, in particular the support modality for national designated authorities and focal points to implement the policy and

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<sup>1</sup> FCCC/CP/2019/3 and Add.1.

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action plan, as well as support for direct access entities from the project preparation facility;<sup>2</sup>

(g) The adoption of the workplan of the Board for 2020–2023, which establishes a regular policy implementation, learning and review cycle;

(h) The adoption of the Green Climate Fund’s policy on co-financing;

(i) The forward-looking performance review of the Green Climate Fund;

(j) The continued collaboration between the Green Climate Fund, the Climate Technology Centre and Network and the Technology Executive Committee;

(k) The collaboration between the Green Climate Fund, the Adaptation Committee and the Least Developed Countries Expert Group;

(l) The steps agreed at the 24<sup>th</sup> meeting of the Board to finalize, at the 25<sup>th</sup> meeting of the Board, the draft Strategic Plan 2020–2023;

(m) Policies related to integrity, notably the policy on the protection from sexual exploitation, sexual abuse and sexual harassment and the standard on anti-money-laundering and countering the financing of terrorism;

3. *Further welcomes* the pledges made by 28 contributors and the successful conclusion of the first formal replenishment process of the Green Climate Fund, resulting in a nominal pledge of USD 9.66 billion and a notional credit of USD 118.47 million that may be earned in the event all contributors make early encashment;

4. *Encourages* further pledges and contributions towards the first formal replenishment period;<sup>3</sup>

5. *Also encourages* contributing countries to confirm their pledges to the Green Climate Fund in the form of fully executed contribution agreements or arrangements as soon as possible;

6. *Reiterates* the request to the Green Climate Fund to accelerate the disbursement of funds for already approved projects, including for readiness support, and provide detailed information on

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<sup>2</sup> See Green Climate Fund Board document GCF/B.24/12, para. (d).

<sup>3</sup> In accordance with Green Climate Fund Board document GCF/B.24/02.

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disbursement levels and measures taken in this regard in its report to the Conference of the Parties;

7. *Welcomes* the approval of the Board's four-year workplan and *requests* the Board to complete its work on closing policy gaps, streamlining and simplifying approval processes, including for readiness support and national adaptation plans, and addressing the review of the accreditation framework as soon as possible so as not to disrupt the project and programme approval cycle during the first formal replenishment;

8. *Encourages* the Board of the Green Climate Fund to continue its efforts to ensure that the Green Climate Fund enjoys privileges and immunities;

9. *Takes note* of the engagement of the President of the Conference of the Parties at its twenty-fifth session with the Secretary-General of the United Nations on the matter of granting privileges and immunities for the Green Climate Fund and its officials through a possible institutional linkage between the United Nations and the Green Climate Fund, and *requests* the President to report on this engagement at its twenty-sixth session (November 2020);

10. *Decides* to continue its consideration of the matter in paragraph 9 above at its twenty-sixth session;

11. *Invites* Parties to submit to the secretariat their views and recommendations on elements to be taken into account in developing guidance for the Board via the submission portal<sup>4</sup> no later than 10 weeks prior to the twenty-sixth session of the Conference of the Parties;

12. *Requests* the Standing Committee on Finance to take into consideration the submissions referred to in paragraph 11 above when preparing its draft guidance to the Board for consideration by the Conference of the Parties and the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement;

13. *Also requests* the Board to include in its annual report to the Conference of the Parties information on the steps it has taken to implement the guidance provided in this decision;

14. *Takes note* of decision 6/CMA.2 and *decides* to transmit to the Green Climate Fund the guidance from the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement

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<sup>4</sup> <https://www4.unfccc.int/sites/submissionsstaging/Pages/Home.aspx>.

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contained in paragraphs 15–21 below, in accordance with decision 1/CP.21, paragraph 61;

15. *Welcomes* the report of the Green Climate Fund to the Conference of the Parties at its twenty-fifth session and its addendum, including the list of actions taken by the Board in response to guidance received from the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement;

16. *Also welcomes* the Board's decision<sup>5</sup> confirming that the current Green Climate Fund modalities enable support for the preparation and implementation of nationally determined contributions and adaptation-related elements of the Paris Agreement;

17. *Recalls* Article 7, paragraph 1, of the Paris Agreement, in which Parties established a global goal on adaptation for enhancing adaptive capacity, strengthening resilience and reducing vulnerability to climate change;

18. *Takes note* of the encouragement of the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement<sup>6</sup> for the Green Climate Fund, among others, to continue channelling support to developing country Parties for the implementation of their adaptation plans and actions in accordance with the priorities and needs outlined in their adaptation communication and/or nationally determined contributions;

19. *Encourages* the Green Climate Fund to continue to enhance its support for adaptation and requests the Green Climate Fund to:

(a) Swiftly conclude its work on guidance on the approach and scope for providing support to adaptation activities;<sup>7</sup>

(b) Continue to enhance its support for the implementation of national adaptation plans, in line with Board decisions on enhancing readiness programming;<sup>8</sup>

20. *Also encourages* the Green Climate Fund to continue to collaborate with the Climate Technology Centre and Network and the Technology Executive Committee with a view to both strengthening cooperative action on technology development and transfer at different stages of the technology cycle and achieving a balance between support for mitigation and support for adaptation;

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<sup>5</sup> Green Climate Fund Board decision GCF/B.13/10.

<sup>6</sup> Decision 9/CMA.1, para. 21.

<sup>7</sup> Pursuant to Green Climate Fund Board document GCF/B.17/10.

<sup>8</sup> Green Climate Fund Board decisions GCF/B.22/10 and GCF/B.22/11.

21. *Invites* the Board of the Green Climate Fund to continue providing financial resources for activities relevant to averting, minimizing and addressing loss and damage in developing country Parties, to the extent consistent with the existing investment, results framework and funding windows and structures of the Green Climate Fund, and to facilitate efficient access in this regard, and in this context to take into account the strategic workstreams of the five-year rolling workplan of the Executive Committee of the Warsaw International Mechanism for Loss and Damage associated with Climate Change Impacts.<sup>9</sup>

*8<sup>th</sup> plenary meeting  
15 December 2019*

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<sup>9</sup> See document FCCC/SB/2017/1/Add.1, annex.

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## Decision 13/CP.25

(FCCC/CP/2019/13/Add.2)

### **Report of the Global Environment Facility to the Conference of the Parties and guidance to the Global Environment Facility**

*The Conference of the Parties,*

1. *Welcomes* the report of the Global Environment Facility to the Conference of the Parties at its twenty-fifth session,<sup>1</sup> including the responses of the Global Environment Facility to previous guidance from the Conference of the Parties;

2. *Also welcomes* the work undertaken by the Global Environment Facility during its reporting period (1 July 2018 to 30 June 2019), including:

(a) The approval of climate change projects and programmes approved during the reporting period under the Global Environment Facility Trust Fund, the Least Developed Countries Fund and the Special Climate Change Fund;

(b) The approval of minimum requirements for Global Environment Facility Trust Fund agencies on anti-money-laundering and countering the financing of terrorism;<sup>2</sup>

(c) The composition of the Private Sector Advisory Group;<sup>3</sup>

(d) The implementation of the gender equality policy<sup>4</sup> and the approval of the gender implementation strategy;<sup>5</sup>

(e) The approval of the policy on monitoring<sup>6</sup> and the evaluation policy;<sup>7</sup>

3. *Welcomes with appreciation* the contributions made by developed country Parties to the Least Developed Countries Fund

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<sup>1</sup> FCCC/CP/2019/5 and Add.1.

<sup>2</sup> See Global Environment Facility document GEF/C.55/09.

<sup>3</sup> See Global Environment Facility document GEF/C.56/Inf.05.

<sup>4</sup> See Global Environment Facility document GEF/C.53/04.

<sup>5</sup> See Global Environment Facility document GEF/C.54/06.

<sup>6</sup> See Global Environment Facility document GEF/C.56/03/Rev.01, annex I.

<sup>7</sup> See Global Environment Facility document GEF/ME/C.56/02/Rev.01, section 2.

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during the reporting period, amounting to USD 184 million,<sup>8</sup> and the contribution made by Switzerland to the Special Climate Change Fund during the reporting period amounting to USD 3.3 million, and *encourages* additional voluntary financial contributions to these funds to provide support for adaptation;

4. *Invites* the Global Environment Facility to continue its efforts to minimize the time between the approval of project concepts, the development and approval of the related projects, and the disbursement of funds by its implementing/executing agencies to the recipient countries of those projects;

5. *Urges* the Global Environment Facility to continue to report to the Conference of the Parties any change or update to the eligibility criteria for accessing the Global Environment Facility resources, including the System for Transparent Allocation of Resources country allocation, in its future reports to the Conference of the Parties;

6. *Encourages* the Global Environment Facility, as part of the overall performance study of its seventh replenishment, to analyse any challenges faced and lessons learned by the Global Environment Facility and its implementing agencies in applying the updated policy on co-financing of the Global Environment Facility and to report back to the Conference of the Parties on the outcomes of the study;

7. *Also encourages* the Global Environment Facility, in collaboration with the Global Environment Facility country focal points, to promote the use of technology needs assessments to facilitate the financing and implementation of technology actions prioritized by countries in their technology needs assessments, within the scope of its mandate and operational modalities;

8. *Invites* the Global Environment Facility to consider:

(a) Exploring ways to include in the fourth phase of the global project on technology needs assessments the least developed countries and small island developing States that have never undertaken a technology needs assessment and have not been included in the fourth phase;

(b) Relevant recommendations contained in the report prepared by the Technology Executive Committee on the updated evaluation of the Poznan strategic programme on technology

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<sup>8</sup> Contributions were made by Belgium, Canada, Denmark, Germany, the Netherlands, Sweden and Switzerland.

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transfer,<sup>9</sup> within the scope of its mandate and its operational modalities;

9. *Also invites* the Global Environment Facility, in accordance with its existing mandates and in collaboration with the Green Climate Fund, to report on lessons learned in supporting developing countries in collecting and managing information and data on adaptation;

10. *Requests* the Global Environment Facility, in administering the Least Developed Countries Fund, to continue facilitating the smooth transition of countries graduating from least developed country status by continuing to provide approved funding through the Least Developed Countries Fund until the completion of projects approved by the Least Developed Countries Fund Council prior to those countries' graduation from least developed country status;

11. *Takes note* of decision 7/CMA.2 and *decides* to transmit to the Global Environment Facility the guidance from the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement contained in paragraphs 12–13 below, in accordance with decision 1/CP.21, paragraph 61;

12. *Welcomes* the report of the Global Environment Facility to the Conference of the Parties at its twenty-fifth session,<sup>10</sup> including the list of actions taken by the Global Environment Facility in response to the guidance received from the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement;

13. *Requests* the Global Environment Facility, as an operating entity of the Financial Mechanism, under its seventh replenishment and throughout its replenishment cycles, to adequately support developing country Parties in preparing their first and subsequent biennial transparency reports in accordance with Article 13, paragraphs 14–15, of the Paris Agreement and decision 18/CMA.1;

14. *Invites* Parties to submit to the secretariat via the submission portal,<sup>11</sup> no later than 10 weeks prior to the twenty-sixth session of the Conference of the Parties (November 2020), their views and recommendations on elements to be taken into account in developing guidance to the Global Environment Facility;

15. *Requests* the Standing Committee on Finance to take into consideration the submissions referred to in paragraph 14 above

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<sup>9</sup> FCCC/SBI/2019/7.

<sup>10</sup> As footnote 1 above.

<sup>11</sup> <https://www4.unfccc.int/sites/submissionsstaging/Pages/Home.aspx>.



when preparing its draft guidance to the Global Environment Facility for consideration by the Conference of the Parties and the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement;

16. *Also requests* the Global Environment Facility to include in its annual report to the Conference of the Parties information on the steps that it has taken to implement the guidance provided in this decision.

*8<sup>th</sup> plenary meeting  
15 December 2019*

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## Decision 3/CMP.15

(FCCC/KP/CMP/2019/8/Add.1)

### Report of the Adaptation Fund Board

*The Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol,*

*Recalling* decisions 1/CMP.3, 1/CMP.4, 2/CMP.10, 1/CMP.11, 2/CMP.12, 1/CMP.13 and 1/CMP.14,

*Also recalling* decision 13/CMA.1,

1. *Takes note* of the annual report of the Adaptation Fund Board and the information contained therein;<sup>1</sup>

2. *Notes* the following information, actions and decisions relating to the Adaptation Fund Board presented in the report referred to in paragraph 1 above:

(a) The accreditation of 31 national implementing entities for accessing resources from the Adaptation Fund directly as at 11 October 2019;

(b) Cumulative project and programme approvals reaching USD 720.0 million as at 11 October 2019;

(c) Funds available for new funding approvals amounting to USD 112.5 million as at 11 October 2019;

(d) The value of projects and programmes in the active pipeline estimated at over USD 248.8 million as at 30 September 2019;

(e) The approval of funding decisions for readiness grants amounting to USD 167,110, consisting of USD 99,910 in South–South cooperation grants and a USD 67,200 technical assistance grant for the environmental and social safeguards policy and the gender policy;

(f) The cumulative receipts of USD 887.1 million into the Adaptation Fund Trust Fund, as at 30 June 2019, comprising USD 201.4 million from the monetization of certified emission reductions, USD 657.9 million from additional contributions and USD 27.8 million from investment income earned on the Trust Fund balance;

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<sup>1</sup> FCCC/KP/CMP/2019/4–FCCC/PA/CMA/2019/2 and Add.1.

(g) Activities implemented under the first medium-term strategy for the Fund for 2018–2022, including the launch of new grant funding windows for innovation, learning and project scale-up; a country exchange in Chile hosted by its national implementing entity, the Chilean Agency of International Cooperation for Development; and the facilitation of the first independent meeting of the Community of Practice for Direct Access Entities in partnership with the Green Climate Fund, the Africa Climate Change Fund of the African Development Bank and the South African National Biodiversity Institute;

(h) The approval, during fiscal year 2019 (1 July 2018 to 30 June 2019), of six single-country project or programme proposals submitted by implementing entities, totalling USD 30.9 million, including three proposals submitted by national implementing entities amounting to USD 13.9 million, one proposal submitted by a regional implementing entity to the amount of USD 2.5 million, and two proposals submitted by multilateral implementing entities to the amount of USD 14.5 million;

(i) The approval, during fiscal year 2020 (1 July 2019 to 30 June 2020), of 11 single-country project/programme proposals submitted by implementing entities, totalling USD 85.2 million, including one proposal submitted by a national implementing entity to the amount of USD 0.8 million, one proposal submitted by a regional implementing entity to the amount of USD 9.9 million, and nine proposals submitted by multilateral implementing entities to the amount of USD 74.5 million, and of two innovation small grants submitted by national implementing entities to the amount of USD 0.5 million and one project scale-up grant to the amount of USD 0.1 million;

(j) The approval, during fiscal year 2019 (1 July 2018 to 30 June 2019), of five regional (multi-country) projects with funding totalling USD 55.8 million;

(k) The approval, during fiscal year 2020 (1 July 2019 to 30 June 2020), of five regional (multi-country) projects, with total funding of USD 60.0 million, and of two global innovation aggregator programmes implemented by multilateral implementing entities to the amount of USD 10.0 million, as well as the decision to provide funding up to the amount of USD 60.0 million for regional project and programme proposals;

3. *Welcomes* the financial pledges and contributions to the Adaptation Fund made by the Governments of Germany, Ireland, Norway, Poland, Spain and Switzerland, the governments of the

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Brussels-Capital, Flanders and Walloon Regions of Belgium, and the provincial government of Quebec, equivalent to USD 75.4 million;

4. *Also welcomes* the first multi-annual financial pledge to the Adaptation Fund, made by the Government of Sweden, equivalent to USD 54.2 million, of which the first annual contribution is USD 13 million;

5. *Reiterates* the encouragement of the scaling up of financial resources, including the provision of voluntary support, that are additional to the share of proceeds levied on certified emission reductions in order to support the resource mobilization efforts of the Adaptation Fund Board with a view to strengthening the Adaptation Fund;<sup>2</sup>

6. *Adopts* the amended and restated terms and conditions of services to be provided by the World Bank as an interim trustee of the Adaptation Fund;<sup>3</sup>

7. *Also adopts* the amended and restated memorandum of understanding between the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol and the Council of the Global Environment Facility regarding secretariat services to the Adaptation Fund Board.<sup>4</sup>

*8<sup>th</sup> plenary meeting  
15 December 2019*

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<sup>2</sup> Decisions 1/CMP.13, para. 7, and 2/CMP.14, para. 7.

<sup>3</sup> Annex I to the addendum to the 2019 report of the Adaptation Fund Board (FCCC/KP/CMP/2019/4/Add.1–FCCC/PA/CMA/2019/2/Add.1, annex).

<sup>4</sup> Annex III to the addendum to the 2019 report of the Adaptation Fund Board (FCCC/KP/CMP/2019/4/Add.1–FCCC/PA/CMA/2019/2/Add.1, annex).

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## Decision 5/CMA.2

(FCCC/PA/CMA/2019/6/Add.1)

### Matters relating to the Standing Committee on Finance

*The Conference of the Parties serving as the meeting of the Parties to the Paris Agreement,*

*Recalling* Article 9 of the Paris Agreement,

*Also recalling* decisions 1/CP.21, paragraphs 53 and 63, 14/CMA.1 and 11/CP.25,

1. *Takes note* of the report of the Standing Committee on Finance to the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement at its second session and the recommendations contained therein;<sup>1</sup>
2. *Endorses* the workplan<sup>2</sup> of the Standing Committee on Finance for 2020 and *underlines* the importance of the Standing Committee on Finance focusing its work in 2020 in accordance with its current mandates;
3. *Notes* the outcomes of the discussions of the Standing Committee on Finance on the 2020 Biennial Assessment and Overview of Climate Finance Flows and the report on the determination of the needs of developing country Parties related to implementing the Convention and the Paris Agreement as well as the respective workplans, outreach activities and indicative timelines for preparation;<sup>3</sup>
4. *Expresses its appreciation* to the Governments of Australia, Belgium, Germany, Norway, the Philippines and Switzerland for their financial contributions to support the work of the Standing Committee on Finance;
5. *Welcomes* the 2019 Forum of the Standing Committee on Finance, on the topic of climate finance and sustainable cities, with a focus on enhancing understanding of how to accelerate the mobilization and delivery of climate finance for the development of

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<sup>1</sup> FCCC/CP/2019/10–FCCC/PA/CMA/2019/3.

<sup>2</sup> FCCC/CP/2019/10–FCCC/PA/CMA/2019/3, annex V.

<sup>3</sup> FCCC/CP/2019/10–FCCC/PA/CMA/2019/3, annexes II and III, respectively.

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sustainable cities, and *takes note* of the summary report<sup>4</sup> on the Forum;

6. *Expresses its gratitude* to the Governments of Australia, Lebanon and Norway, as well as to the United Nations Economic and Social Commission for Western Asia, the Union for the Mediterranean, and the Islamic Development Bank, for their financial, administrative and substantive support, which contributed to the success of the 2019 Forum of the Standing Committee on Finance;

7. *Welcomes* the decision of the Standing Committee on Finance on the topic of its 2020 Forum, which will be financing nature-based solutions;

8. *Notes* the inputs of the Standing Committee on Finance to the technical paper on the elaboration of the sources of and modalities for accessing financial support for addressing loss and damage;<sup>5</sup>

9. *Encourages* the Standing Committee on Finance to present, to the extent possible, disaggregated information in relation to, inter alia, mapping data availability and gaps by sector, assessing climate finance flows and presenting information on the determination of the needs of developing country Parties related to implementing the Convention and the Paris Agreement;

10. *Underscores* the important contribution of the Standing Committee on Finance in relation to the operational definitions of climate finance, and *invites* Parties to submit via the submission portal,<sup>6</sup> by 30 April 2020, their views on the operational definitions of climate finance for consideration by the Standing Committee on Finance in order to enhance its technical work on this matter in the context of preparing its 2020 Biennial Assessment and Overview of Climate Finance Flows;

11. *Takes note* of the strategic outreach plan<sup>7</sup> of the Standing Committee on Finance on enhancing stakeholder engagement;

12. *Encourages* the Standing Committee on Finance, in implementing its strategic outreach plan, to build on existing efforts to reach out to developing country Parties and relevant developing country stakeholders when generating data and information for the

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<sup>4</sup> FCCC/CP/2019/10/Add.1–FCCC/PA/CMA/2019/3/Add.1.

<sup>5</sup> FCCC/TP/2019/1.

<sup>6</sup> <https://www4.unfccc.int/sites/submissionsstaging/Pages/Home.aspx>.

<sup>7</sup> FCCC/CP/2019/10–FCCC/PA/CMA/2019/3, annex IV.

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determination of the needs of developing country Parties related to implementing the Convention and the Paris Agreement;

13. *Looks forward* to the inputs that may be provided by the Executive Committee of the Warsaw International Mechanism for Loss and Damage associated with Climate Change Impacts to the work of the Standing Committee on Finance for its consideration in preparing elements of draft guidance for the operating entities;

14. *Encourages* the Standing Committee on Finance to continue to enhance its efforts towards ensuring gender-responsiveness in implementing its workplan;

15. *Emphasizes* the importance of the transparency of the proceedings and decision-making processes of the Standing Committee on Finance;

16. *Takes note* of the appointment of Standing Committee on Finance focal points to liaise with the other constituted bodies under the Convention and the Paris Agreement;

17. *Decides* to initiate the review of the functions<sup>8</sup> of the Standing Committee on Finance relating to the Paris Agreement, as part of the review referred to in decision 11/CP.25 with a view to concluding it at its fifth session (November 2022);

18. *Requests* the Standing Committee on Finance to report to the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement at its third session (November 2020) on progress in implementing its workplan;

19. *Also requests* that the actions of the Standing Committee on Finance called for in this decision be undertaken subject to the availability of financial resources.

*8<sup>th</sup> plenary meeting  
15 December 2019*

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<sup>8</sup> Pursuant to decision 2/CP.17, annex VI, para. 10.

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## Decision 6/CMA.2

(FCCC/PA/CMA/2019/6/Add.1)

### Guidance to the Green Climate Fund

*The Conference of the Parties serving as the meeting of the Parties to the Paris Agreement,*

1. *Recommends* that the Conference of the Parties at its twenty-fifth session transmit to the Green Climate Fund the guidance contained in paragraphs 2–8 below, in accordance with decision 1/CP.21, paragraph 61;
2. *Welcomes* the report of the Green Climate Fund to the Conference of the Parties at its twenty-fifth session and its addendum,<sup>1</sup> including the list of actions taken by the Board of the Green Climate Fund (hereinafter referred to as the Board) in response to guidance received from the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement;
3. *Also welcomes* the Board's decision<sup>2</sup> confirming that the current Green Climate Fund modalities enable support for the preparation and implementation of nationally determined contributions and adaptation-related elements of the Paris Agreement;
4. *Recalls* Article 7, paragraph 1, of the Paris Agreement, in which Parties established a global goal on adaptation for enhancing adaptive capacity, strengthening resilience and reducing vulnerability to climate change;
5. *Takes note* of the encouragement of the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement<sup>3</sup> for the Green Climate Fund, among others, to continue channelling support to developing country Parties for the implementation of their adaptation plans and actions in accordance with the priorities and needs outlined in their adaptation communication and/or nationally determined contributions;
6. *Encourages* the Green Climate Fund to continue to enhance its support for adaptation and *requests* the Green Climate Fund to:

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<sup>1</sup> FCCC/CP/2019/3 and Add.1.

<sup>2</sup> Green Climate Fund Board decision GCF/B.13/10.

<sup>3</sup> Decision 9/CMA.1, para. 21.



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(a) Swiftly conclude its work on guidance on the approach and scope for providing support to adaptation activities;<sup>4</sup>

(b) Continue to enhance its support for the implementation of national adaptation plans, in line with Board decisions on enhancing readiness programming;<sup>5</sup>

7. *Also encourages* the Green Climate Fund to continue to collaborate with the Climate Technology Centre and Network and the Technology Executive Committee with a view to both strengthening cooperative action on technology development and transfer at different stages of the technology cycle and achieving a balance between support for mitigation and support for adaptation;

8. *Invites* the Board of the Green Climate Fund to continue providing financial resources for activities relevant to averting, minimizing and addressing loss and damage in developing country Parties, to the extent consistent with the existing investment, results framework and funding windows and structures of the Green Climate Fund, and to facilitate efficient access in this regard, and in this context to take into account the strategic workstreams of the five-year rolling workplan of the Executive Committee of the Warsaw International Mechanism for Loss and Damage associated with Climate Change Impacts.<sup>6</sup>

*8<sup>th</sup> plenary meeting  
15 December 2019*

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<sup>4</sup> Pursuant to Green Climate Fund Board document GCF/B.17/10.

<sup>5</sup> Green Climate Fund Board decisions GCF/B.22/10 and GCF/B.22/11.

<sup>6</sup> See document FCCC/SB/2017/1/Add.1, annex.

## Decision 7/CMA.2

(FCCC/PA/CMA/2019/6/Add.1)

### Guidance to the Global Environment Facility

*The Conference of the Parties serving as the meeting of the Parties to the Paris Agreement,*

1. *Recommends* that the Conference of the Parties at its twenty-fifth session transmit to the Global Environment Facility the guidance contained in paragraphs 2–3 below, in accordance with decision 1/CP.21, paragraph 61;
2. *Welcomes* the report of the Global Environment Facility to the Conference of the Parties at its twenty-fifth session,<sup>1</sup> including the list of actions taken by the Global Environment Facility in response to the guidance received from the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement;
3. *Requests* the Global Environment Facility, as an operating entity of the Financial Mechanism, to adequately support developing country Parties in preparing their first and subsequent biennial transparency reports under its seventh replenishment and throughout its replenishment cycles in accordance with Article 13, paragraphs 14–15, of the Paris Agreement and decision 18/CMA.1.

*8<sup>th</sup> plenary meeting  
15 December 2019*

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<sup>1</sup> FCCC/CP/2019/5 and Add.1.

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## Decision 3/CP.24

(FCCC/2018/10/Add.1)

### Long-term climate finance

*The Conference of the Parties,*

*Recalling Articles 4 and 11 of the Convention,*

*Also recalling* decision 1/CP.16, paragraphs 2, 4 and 97–101, as well as decisions 1/CP.17, 2/CP.17, paragraphs 126–132, 4/CP.18, 3/CP.19, 5/CP.20, 5/CP.21, 7/CP.22, and 6/CP. 23,

1. *Welcomes with appreciation* the 2018 Biennial Assessment and Overview of Climate Finance Flows of the Standing Committee on Finance, in particular its key findings and recommendations highlighting the increase in climate finance flows from developed country Parties to developing country Parties;<sup>1</sup>
2. *Also welcomes with appreciation* the continued progress of developed country Parties towards reaching the goal of mobilizing jointly USD 100 billion annually by 2020, in the context of meaningful mitigation action and transparency on implementation, in accordance with decision 1/CP.16;
3. *Recalls* the commitment of developed country Parties, in the context of meaningful mitigation action and transparency on implementation, to a goal of mobilizing jointly USD 100 billion per year by 2020 to address the needs of developing country Parties in accordance with decision 1/CP.16, and *urges* developed country Parties to continue to scale up mobilized climate finance towards achieving this goal;
4. *Urges* developed country Parties to continue their efforts to channel a substantial share of public climate funds to adaptation activities and to strive to achieve a greater balance between finance for mitigation and for adaptation, recognizing the importance of adaptation finance and the need for public and grant-based resources for adaptation;
5. *Welcomes* the biennial submissions received to date from developed country Parties on their strategies and approaches for scaling up climate finance from 2018 to 2020 in accordance with

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<sup>1</sup> FCCC/CP/2018/8, annex II.

decision 3/CP.19, paragraph 10,<sup>2</sup> and *urges* those developed country Parties that have not yet done so to submit this information;

6. *Requests* the secretariat, in line with decision 5/CP.20, paragraph 11, to prepare a compilation and synthesis of the biennial submissions referred to in paragraph 5 above in order to inform the in-session workshops referred to in paragraph 9 below;

7. *Welcomes* the progress of Parties' efforts to strengthen their domestic enabling environments in order to attract climate finance, and *requests* Parties to continue to enhance their enabling environments and policy frameworks to facilitate the mobilization and effective deployment of climate finance in accordance with decision 3/CP.19;

8. *Notes with appreciation* the summary report<sup>3</sup> on the 2018 in-session workshop on long-term climate finance, and invites Parties and relevant institutions to consider the key messages therein;

9. *Decides* that the in-session workshops on long-term climate finance in 2019 and 2020 will focus on:

(a) The effectiveness of climate finance, including the results and impacts of finance provided and mobilized;

(b) The provision of financial and technical Support to developing country Parties for their adaptation and Mitigation actions in relation to holding the increase in the global average temperature to well below 2°C above pre-industrial levels and pursuing efforts to limit the temperature increase to 1.5°C above pre-industrial levels;

10. *Requests* the secretariat to organize the in-session workshops referred to in paragraph 9 above and to prepare summary reports on the workshops for consideration by the Conference of the Parties at its twenty-fifth session (November 2019) and twenty-sixth session (November 2020) respectively;

11. *Also requests* the secretariat to continue to ensure that the workshops are well-balanced by, inter alia, inviting both public and private sector actors to attend them and summarizing the views expressed at the workshops in a fair and gender-balanced manner;

12. *Welcomes* the third biennial high-level ministerial dialogue on climate finance, convened in accordance with decision 3/CP.19, and *looks forward* to the summary of the Presidency of the Conference of

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<sup>2</sup> Available at

<<https://www4.unfccc.int/sites/submissionsstaging/Pages/Home.aspx>>.

<sup>3</sup> FCCC/CP/2018/4.

the Parties of the deliberations of the dialogue for consideration by the Conference of the Parties at its twenty-fifth session;<sup>4</sup>

13. *Decides* that the fourth biennial high-level ministerial dialogue on climate finance, to be convened in 2020 in accordance with decision 3/CP.19, will be informed by the reports on the in-session workshops on long-term climate finance and the 2020 Biennial Assessment and Overview of Climate Finance Flows.

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<sup>4</sup> As per decision 7/CP.22, paragraph 16.

## Decision 4/CP.24

(FCCC/2018/10/Add.1)

### Report of the Standing Committee on Finance

*The Conference of the Parties,*

*Recalling* Articles 4 and 11 of the Convention,

*Also recalling* decisions 1/CP.16, paragraph 112, and 2/CP.17, paragraphs 120 and 121, as well as decisions 5/CP.18, 7/CP.19, 6/CP.20, 6/CP.21 and 8/CP.22 and 7/CP.23,

25. *Welcomes with appreciation* the report of the Standing Committee on Finance to the Conference of the Parties at its twenty-fourth session, taking note of the recommendations contained therein;<sup>1</sup>

26. *Endorses* the workplan of the Standing Committee on Finance for 2019;<sup>2</sup>

27. *Welcomes with appreciation* the 2018 Biennial Assessment and Overview of Climate Finance Flows of the Standing Committee on Finance, in particular the summary and recommendations<sup>3</sup> as contained in the annex;

28. *Encourages* the Standing Committee on Finance to take into account the best available science in future biennial assessment and overviews of climate finance flows;

29. *Requests* the Standing Committee on Finance to use in the biennial assessment an overview of climate finance flows the established terminology in the provisions of the Convention and the Paris Agreement in relation to climate finance, where applicable;

30. *Expresses its appreciation* for the financial contributions provided by the Governments of Belgium, Germany, Norway, the Republic of Korea, Switzerland and the United Kingdom of Great Britain and Northern Ireland, as well as by the European Commission to support the work of the Standing Committee on Finance;

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<sup>1</sup> FCCC/CP/2018/8.

<sup>2</sup> FCCC/CP/2018/8, annex VI.

<sup>3</sup> <<https://unfccc.int/sites/default/files/resource/2018%20BA%20Technical%20Report%20Final.pdf>>.

31. *Welcomes* the 2018 Forum of the Standing Committee on Finance on the topic of climate finance architecture with a focus on enhancing collaboration and seizing opportunities, and takes note of the summary report<sup>4</sup> on the Forum;
32. *Expresses its gratitude* to the Governments of the Netherlands, Norway and the Republic of Korea for their support in ensuring the success of the 2018 Forum of the Standing Committee on Finance;
33. *Welcomes* the decision of the Standing Committee on Finance on the topic of its 2019 Forum, which will be climate finance and sustainable cities;
34. *Requests* the Standing Committee on Finance to map, every four years, as part of its biennial assessment and overview of climate finance flows, the available information relevant to Article 2, paragraph 1(c), of the Paris Agreement, including its reference to Article 9 thereof;
35. *Encourages* the Standing Committee on Finance to provide input to the technical paper of the Executive Committee of the Warsaw International Mechanism for Loss and Damage associated with Climate Change Impacts on the sources of financial support;<sup>5</sup>
36. *Confirms* the mandates in Article 11, paragraph 3(d), of the Convention, and decisions 12/CP.2, 12/CP.3, 5/CP.19 and 1/CP.21;
37. *Requests* the Standing Committee on Finance to prepare, every four years, a report on the determination of the needs of developing country Parties related to implementing the Convention and the Paris Agreement, for consideration by the Conference of Parties, starting at its twenty-sixth session (November 2020), and the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement, starting at its third session (November 2020);
38. *Also requests* the Standing Committee on Finance, in preparing the report referred to in paragraph 13 above, to collaborate, as appropriate, with the operating entities of the Financial Mechanism, the subsidiary and constituted bodies, multilateral and bilateral channels, and observer organizations;
39. *Further requests* that the actions of the Standing Committee on Finance called for in this decision be undertaken subject to the availability of financial resources;

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<sup>4</sup> FCCC/CP/2018/8, annex III.

<sup>5</sup> FCCC/CP/2018/8, paragraph 14(g).

40. *Requests* the Standing Committee on Finance to report to the Conference of the Parties at its twenty-fifth session (November 2019) on progress in implementing its workplan.

41. *Also requests* the Standing Committee on Finance to consider the guidance provided to it in other relevant decisions of the Conference of the Parties.



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## Annex

### **Summary and recommendations by the Standing Committee on Finance on the 2018 biennial assessment and overview of climate finance flows**

[English only]

#### **I. Context and mandates**

1. The Standing Committee on Finance (SCF) assists the Conference of the Parties (COP) in exercising its functions with respect to the Financial Mechanism of the Convention, inter alia, in terms of measurement, reporting and verification of support provided to developing country Parties, through activities such as the biennial assessment and overview of climate finance flows.<sup>1</sup>

2. Subsequent to the 2014 BA, the COP requested the SCF to consider: the relevant work of other bodies and entities on measurement, reporting and verification of support and the tracking of climate finance;<sup>2</sup> ways of strengthening methodologies for reporting climate finance;<sup>3</sup> and ongoing technical work on operational definitions of climate finance, including private finance mobilized by public interventions, to assess how adaptation and mitigation needs can most effectively be met by climate finance.<sup>4</sup> It also requested the Ad Hoc Working Group on the Paris Agreement, when developing the modalities, procedures and guidelines for the transparency framework for action and support, to consider, inter alia, information in the BA and other reports of the SCF and other relevant bodies under the Convention.

3. The COP welcomed the summary and recommendations by the SCF on the 2016 BA, which, inter alia, encourages Parties and relevant international institutions to enhance the availability of information that will be necessary for tracking global progress on the goals outlined in Article 2 of the Paris Agreement. The COP requested the SCF, in preparing future BAs, to assess available information on investment needs and plans related to Parties'

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<sup>1</sup> Decision 2/CP.17, paragraph 121(f).

<sup>2</sup> Decision 1/CP.18, paragraph 71.

<sup>3</sup> Decision 5/CP.18, paragraph 11.

<sup>4</sup> Decision 3/CP.19, paragraph 11.

nationally determined contributions (NDCs) and national adaptation plans.

4. The 2018 BA provides an updated overview of climate finance flows in 2015 and 2016 from provider to beneficiary countries, available information on domestic climate finance and cooperation among Parties not included in Annex I to the Convention (non-Annex I Parties), and the other climate-related flows that constitute global total climate finance flows. It also includes information on trends since the 2014 BA. The 2018 BA then considers the implications of these flows and assesses their relevance to international efforts to address climate change. It explores the key features of climate finance flows, including composition and purposes. It also explores emerging insights into their effectiveness, finance access, and ownership and alignment of climate finance with beneficiary country needs and priorities related to climate change. It also provides information on recent developments in the measurement, reporting and verification of climate finance flows at the international and domestic level, and insights into impact reporting practices.

5. The 2018 BA includes, for the first time, information relevant to Article 2, paragraph 1(c), of the Paris Agreement, including methods and metrics, and data sets on flows, stocks and considerations for integration. It also discusses climate finance flows in the broader context.

6. The 2018 BA comprises this summary and recommendations, and a technical report. The summary and recommendations was prepared by the SCF. The technical report was prepared by experts under the guidance of the SCF and draws on information and data from a range of sources. It was subject to extensive stakeholder input and expert review, but remains a product of the external experts.

## **II. Challenges and limitations**

7. The 2018 BA provides an updated overview of current climate finance flows over the years 2015 and 2016, along with data on trends from 2011 to 2014 collated in previous BA reports. Due diligence has been undertaken to utilize the best information available from the most credible sources. In compiling estimates, efforts have been made to avoid double counting through a focus on primary finance, which is finance for a new physical item or activity. Challenges were nevertheless encountered in collecting, aggregating and analysing information from diverse sources. The lack of clarity

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with regard to the use of different definitions of climate finance limits the comparability of data.

8. **Data uncertainty.** There are uncertainties associated with each source of data which have different underlying causes. Uncertainties are related to the data on domestic public investments, resulting from the lack of geographic coverage, differences in the way methods are applied, significant changes in the methods for estimating energy efficiency over the years, and the lack of available data on sustainable transport and other key sectors. Uncertainties also arise from the lack of procedures and data to determine private climate finance; methods for estimating adaptation finance; differences in the assumptions of underlying formulas to attribute finance from multilateral development banks (MDBs) to members of the Organisation for Economic Co-operation and Development (OECD) Development Assistance Committee (DAC), minus the Republic of Korea; the classification of data as ‘green finance’; and incomplete data on non-concessional flows.

9. **Data gaps.** Gaps in the coverage of sectors and sources of climate finance remain significant, particularly with regard to private investment. Although estimates of incremental investments in energy efficiency have improved, there is still an inadequate understanding of the public and private sources of finance and the financial instruments behind those investments. For sustainable transport, efforts have been made to improve public and private investment in electric vehicles. However, information on sources and instruments for finance in public mass transit remains unreported in many countries. High-quality data on private investments in mitigation and finance in sectors such as agriculture, forests, water and waste management are particularly lacking. In particular, adaptation finance estimates are difficult to compare with mitigation finance estimates due to the former being context-specific and incremental, and more work is needed on estimating climate-resilient investments.

10. The limitations outlined in paragraphs 8 and 9 above need to be taken into consideration when deriving conclusions and policy implications from the 2018 BA. The SCF will contribute, through its activities, to the progressive improvement of the measurement, reporting and verification of climate finance information in future BAs to help address these challenges.

### **III. Key findings**

#### **A. Methodological issues relating to measurement, reporting and verification of public and private climate finance**

##### **1. Developments in the period 2015–2016**

11. Following the recommendations made by the SCF in the 2016 BA, the 2018 BA identifies the improvements listed in paragraphs 12–16 below in the tracking and reporting of information on climate finance.

##### **(a) Annex II Parties**

12. Revision of the biennial report (BR) common tabular format (CTF) tables 7, 7(a) and 7(b) has facilitated the provision of more qualitative information on the definitions and underlying methodologies used by Parties included in Annex II to the Convention (Annex II Parties) in the documentation boxes in the BR3 CTF tables. The BR3 CTF tables submitted as at October 2018 suggest some increase in the provision of quantitative information, including information on public financial support in CTF table 7(b) and climate-related private finance in the BRs.

##### **(b) International organizations**

13. Making data available on private shares of climate co-finance associated with MDB finance and reporting on amounts mobilized through public interventions deployed by other development finance institutions (DFIs) included in the regular OECD-DAC data collection process.

14. Facilitating the increased transparency of information through biennial surveys to collect information from OECD-DAC members on the measurement basis for reporting (i.e. committed, disbursed or “other”), and on the shares of the activity reported as mitigation, adaptation or cross-cutting to the UNFCCC.

15. Institutionalizing the mitigation and adaptation finance tracking and reporting, and ongoing efforts aimed at better tracking and reporting on projects that have mitigation and adaptation co-benefits (i.e. cross-cutting) among MDBs.

16. Measuring and reporting on impact is now common practice among multilateral climate funds, and there is now growing interest in this field by MDBs and the International Development Finance

Club (IDFC), which are also undertaking work on methodologies for impact measuring in the light of the Paris Agreement. The ongoing efforts of MDBs to develop additional metrics that demonstrate how MDB financing supports climate-resilient development pathways are an important step in this direction.

(c) **Insights into reporting by Annex II Parties and non-Annex I Parties**

17. Notwithstanding the improvements in methodologies for reporting climate finance via the BR3 CTF tables 7, 7(a) and 7(b), some reporting issues persist that complicate the aggregation, comparison and analysis of the data. The current “UNFCCC biennial reporting guidelines for developed country Parties”<sup>5</sup> were designed to accommodate reporting on a wide range of climate finance instruments and activities. This required a reporting architecture that was flexible enough to accommodate a diversity of reporting approaches. In some cases, limited clarity with regard to the diversity of reporting approaches limits comparability in climate finance reporting.

18. The current “UNFCCC biennial update reporting guidelines for Parties not included in Annex I to the Convention”<sup>6</sup> for reporting by non-Annex I Parties on financial, technical and capacity-building needs and support received do not require information on underlying assumptions, definitions and methodologies used in generating the information. Nevertheless, the provision of such information is useful.

(d) **Insights into broader reporting aspects**

19. Notwithstanding ongoing efforts to make information on domestic climate-related finance available through biennial update reports (BURs), published climate public expenditure and institutional reviews, and other tools, collecting and reporting domestic climate-related finance is often not undertaken systematically, thereby limiting the availability of information.

20. There are significant data gaps on climate finance flows in the context of cooperation among non-Annex I Parties.

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<sup>5</sup> Decision 2/CP.17, annex I.

<sup>6</sup> Decision 2/CP.17, annex III.

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## **2. Information relevant to Article 2, paragraph 1 (c), of the Paris Agreement: methods and metrics**

21. Ongoing voluntary efforts to develop approaches for tracking and reporting on consistency of public and private sector finance with the Paris Agreement are important for enhancing the collective understanding of the consistency of the broader finance and investment flows with Article 2, paragraph 1(c), of the Paris Agreement.

22. Some financial actors, such as MDBs and bilateral DFIs, have started to develop approaches for tracking the integration of climate change considerations into their operations. However, there was no publicly available information on the progress made on this matter at the time of preparation of the 2018 BA. Ongoing work for developing climate-resilience metrics is important for enhancing understanding of the consistency of multilateral and bilateral development finance with the Paris Agreement.

## **B. Overview of current climate finance flows in 2015–2016**

### **1. Global finance flows**

23. On a comparable basis, climate finance flows increased by 17 per cent in the period 2015–2016 compared with the period 2013–2014. High-bound climate finance estimates increased from USD 584 billion in 2014 to USD 680 billion in 2015 and to USD 681 billion in 2016 (see figure 1). The growth seen in 2015 was largely driven by high levels of new private investment in renewable energy, which is the largest segment of the global total. Despite decreasing technology costs (particularly in solar photovoltaic and wind power generation), which means that every dollar invested finances more renewable energy than it previously did, a significant number of new projects were financed in 2015. In 2016, a decrease in renewable energy investment occurred, which was driven by both the continued decline in renewable technology costs and the lower generation capacity of new projects financed.<sup>7</sup> However, the decrease in renewable energy investment in 2016 was offset by an 8 per cent increase in investment in energy efficiency technologies across the building, industry and transport sectors.

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<sup>7</sup> Approximately 52 per cent of the decrease in 2016 was due to reduced technology costs in solar photovoltaic and wind energy.

24. The quality and completeness of data on climate finance has improved since the 2016 BA. Methodological improvements in estimating finance flows have changed the comparative basis against previous estimates. In particular, 2014 estimates for energy efficiency have been revised downward owing to a more accurate bottom-up assessment model being employed by the International Energy Agency. This has resulted in a revised estimate of USD 584 billion from USD 741 billion for total global climate finance in 2014. In addition, data coverage in sustainable transport has improved, with estimates for public and private investment in electric vehicle sales in 2015 and 2016.

(e) **Flows from Annex II Parties to non-Annex I Parties as reported in biennial reports**

25. Climate-specific finance reported in BRs submitted by Annex II Parties has increased in terms of both volume and rate of growth since the previous BA. Whereas the total finance reported increased by just 5 per cent from 2013 to 2014, it increased by 24 per cent from 2014 to 2015 (to USD 33 billion), and subsequently by 14 per cent from 2015 to 2016 (to USD 38 billion). Out of these total amounts, USD 30 billion in 2015 and USD 34 billion in 2016 were reported as climate-specific finance channelled through bilateral, regional and other channels; the remainder flowed through multilateral channels. From 2014 to 2016, both mitigation and adaptation finance grew in more or less equal proportions, namely by 41 and 45 per cent, respectively.

(f) **Multilateral climate funds**

26. Total amounts channelled through UNFCCC funds and multilateral climate funds in 2015 and 2016 were USD 1.4 billion and USD 2.4 billion, respectively. The significant increase from 2015 to 2016 was a result of the Green Climate Fund (GCF) ramping up operations. On the whole, this represents a decrease of approximately 13 per cent compared with the 2013–2014 biennium and can be accounted for by a reduction in the commitments made by the Climate Investment Funds, in line with changes in the climate finance landscape as the GCF only started to scale up operations in 2016.

(g) **Climate finance from multilateral development banks**

27. MDBs provided USD 23.4 billion and USD 25.5 billion in climate finance from their own resources to eligible recipient

countries in 2015 and 2016, respectively. On average, this represents a 3.4 per cent increase from the 2013–2014 period.

28. The attribution of MDB finance flows to members of OECD-DAC, minus the Republic of Korea, is calculated at up to USD 17.4 billion in 2015 and USD 19.7 billion in 2016 to recipients eligible for OECD-DAC official development assistance.

(h) **Private climate finance**

29. The most significant source of uncertainty relates to the geographic attribution of private finance data. Although efforts have been made by MDBs and OECD since the 2016 BA to estimate private climate finance mobilized through multilateral and bilateral institutions, data on private finance sources and destinations remain lacking.

30. MDBs reported private finance mobilization in 2015 was USD 10.9 billion and increased by 43 per cent the following year to USD 15.7 billion. OECD estimated USD 21.7 billion in climate-related private finance mobilized during the period 2012–2015 by bilateral and multilateral institutions, which included USD 14 billion from multilateral providers and USD 7.7 billion from bilateral finance institutions. It is estimated that, in 2015, USD 2.3 billion was mobilized through bilateral institutions. The Climate Policy Initiative estimated renewable energy flows for new projects ranged from USD 2.4 billion in 2015 to USD 1.5 billion in 2016; this was, however, a significant underestimation given the underlying reporting approaches.

(i) **Recipients**

31. A total of 34 Parties included in Annex I to the Convention provided information on recipients in the BR3s, while 16 out of 40 BURs submitted as first or second BURs as at October 2018 include, to varying degrees, quantitative information on climate finance received in the 2015–2016 period. Therefore, at the time of the preparation of the 2018 BA, it is not possible to present a clear picture of climate finance received on the basis of the information included in national reports submitted to the secretariat.

32. Other sources of information provide insights on recipients. For example, of the bilateral finance reported to OECD-DAC, national and local governments received 51 and 61 per cent of bilateral climate-related assistance in 2015 and 2016, up from 43 and 42 per cent in 2013 and 2014, respectively. The remainder was received by international organizations, non-governmental



organizations and public and private sector organizations from the support-providing countries. No information is available on the channels of delivery for 91–97 per cent of the other official flows of a non-concessional nature in the period 2015–2016. Of the total climate finance committed by MDBs from their own resources, 72 per cent was channelled to public sector recipients in 2015, and 74 per cent in 2016. Adaptation finance, in particular, went predominantly to public sector institutions: 90 per cent in 2015 and 97 per cent in 2016.

## **2. Domestic climate finance**

33. Domestic climate expenditures by national and subnational governments are a potentially growing source of global climate finance, particularly as, in some cases, NDC submissions are translated into specific investment plans and domestic efforts to monitor and track the domestic climate expenditures are stepped up. However, comprehensive data on domestic climate expenditure are not readily available, as these data are not collected regularly or with a consistent methodology over time within or across countries. Of the 30 countries that reported data on climate expenditures included in the 2016 BA, 19 countries provided such data in 2015 or 2016, with the 2015 data for 5 countries being included in the 2016 BA. Four countries reported expenditure of USD 0.335 billion in their BURs, while seven countries published climate public expenditure and institutional reviews amounting to USD 16.5 billion.<sup>8</sup> In two other countries, updated data are available amounting to USD 49 billion. In total, this brings domestic public climate finance estimates for the period 2015–2016 to USD 67 billion.

## **3. Flows among countries that are not members of the Development Assistance Committee of the Organisation for Economic Co-operation and Development, recipients eligible for official development assistance and Parties not included in Annex I**

34. Information on climate finance flows among non-Annex I Parties is not systematically tracked, relying on voluntary reporting by countries through the OECD-DAC Creditor Reporting System and DFIs through IDFC that are based in countries that are not members of the Organisation for Economic Co-operation and Development (non-OECD). Total estimates of such flows amounted to USD 12.2–13.9 billion in 2015 and USD 11.3–13.7 billion in 2016.

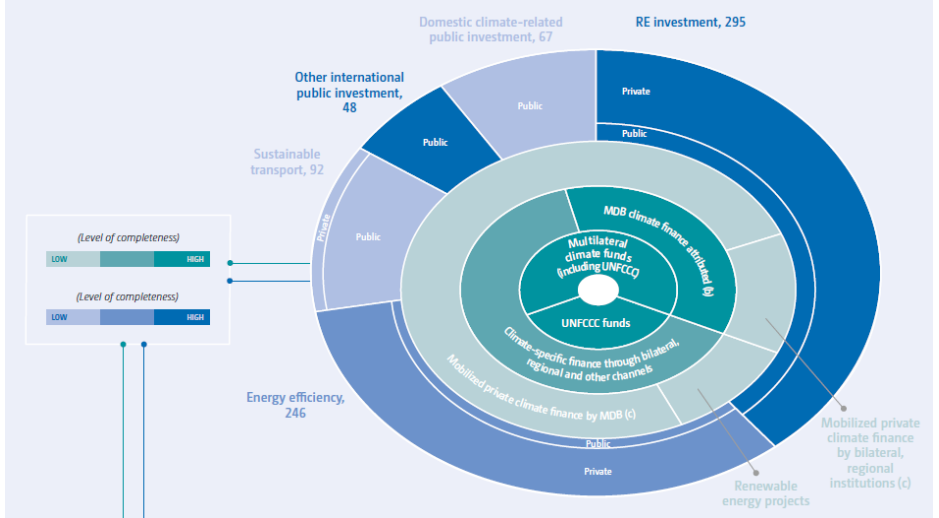
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<sup>8</sup> This includes Hebei Province in China, reporting an expenditure of USD 6.1 billion in 2015.

This represents an increase of approximately 33 per cent on average from the 2013–2014 period, driven primarily by non-OECD member institutions of IDFC increasing finance significantly to other non-OECD members. New multilateral institutions include the Asian Infrastructure Investment Bank (AIIB) and the New Development Bank. Together, they provided USD 911 million to renewable energy projects in 2016. The AIIB portion of this amount included outflows that may be attributable to OECD-DAC members that are shareholders in AIIB.

Figure 1  
**Climate finance flows in the period 2015-2016**  
 (Billions of United States dollars, annualized)

		2015 (USD billion face value)	2016 (USD billion face value)	Sources of data and relevant chapter
Global total flows	<b>Renewable energy investments</b>	320.9	269.5	Chapter 2.2.1
	Public investment	61.7	52.3	CPI based on multiple sources
	Private investment	259.2	217.1	
	<b>Energy efficiency investments</b>	233.9	257.8	Chapter 2.2.2
	Public investment	25.7	32.9	IEA Energy Efficiency Market Reports/CPI
	Private investment (a)	208.2	224.9	Chapter 2.2.3
	<b>Sustainable transport</b>	78.0	105.8	
	Public investment	69.7	92.5	IEA World Energy Investment Report/CPI
	Private investment	8.3	13.3	Chapter 2.2.2 – 2.2.5
<b>Other sectors public investment</b>	47.3	47.5	CPI based on multiple sources	
<b>Domestic climate-related public investment</b>	67.0	67.0	Chapter 2.3	
Flows to non-Annex I Parties	<b>UNFCCC funds</b>	0.6	1.6	BURs, CPEIRs (LUNDP), I4CE
	<b>Multilateral climate funds (including UNFCCC)</b>			Chapter 2.5.2
				Fund financial reports, CFU
	<b>Climate-specific finance through bilateral, regional and other channels</b>	29.9	33.6	Chapter 2.5.2
	<b>MDB climate finance attributed (b)</b>	17.4	19.7	Annex II Party Biennial Reports
	<b>Renewable energy projects</b>			Chapter 2.5.2
				Chapter 2.5.4
	<b>Mobilized private climate finance by MDB (c)</b>	10.9	15.7	CPI based on multiple sources
<b>Mobilized private climate finance by bilateral, regional institutions (c)</b>	2.3		Chapter 2.5.4	
			MDB Joint Reports	
			Chapter 2.5.4	
			OECD	



**Abbreviations:** BEV = battery electric vehicle, BUR = biennial update report, CPEIR = climate public expenditure and institutional reviews, CPI = Climate Policy Initiative, IEA = International Energy Agency, I4CE = Institute for Climate Economics, MDB = multilateral development bank, ECD = Organisation for Economic Co-operation and Development, UNDP = United Nations Development Programme.

<sup>a</sup> Value discounts transport energy efficiency estimates by 8.5 per cent to account for overlap with electric vehicle estimates.

<sup>b</sup>. From members of the OECD Development Assistance Committee (DAC), minus the Republic of Korea, to OECD-DAC recipients eligible for official development assistance. Refer to chapter 2.5.2 of the 2018 Biennial Assessment and Overview of Climate Finance Flows technical report for further explanation.

<sup>c</sup>. Estimates include private co-financing with MDB finance.

#### **4. Information relevant to Article 2, paragraph 1(c), of the Paris Agreement: data sets on flows, stocks and integration**

35. The 2018 BA includes information on available data sets that integrate climate change considerations into insurance, lending and investment decision-making processes and that include information that may be relevant to tracking consistency with Article 2, paragraph 1(c), of the Paris Agreement.

36. Across the financial sector, both the reporting of data on financial flows and stocks consistent with low greenhouse gas (GHG) emissions and climate-resilient pathways, and the integration of climate considerations into decision-making are at a nascent stage. The data sets available on bond markets are the most advanced, with regular and reliable data published based on green bond labelling and analysis of bonds that may be aligned with climate themes. Less information is available on bonds that may be inconsistent with low GHG emissions and climate-resilient pathways. Other market segments lack completeness of coverage and reporting quality across peer institutions. With regard to integrating climate change considerations into investment decision-making, some market segments such as listed corporations and institutional investors are participating in emerging reporting initiatives, including through target-setting processes, that will likely improve the availability of data over time. Other market segments such as insurance companies participate in comprehensive and regular survey reporting on climate integration into governance and risk-management processes. Other market segments, particularly in banking, insurance and financial services, lack breadth of coverage in reporting or are at an early stage of considering how to report data.

### **C. Assessment of climate finance flows**

37. An assessment of the data underlying the overview of climate finance flows presented offers insights into crucial questions of interest in the context of the objective of the Convention and the goals outlined in the Paris Agreement. Development banks, DFIs and multilateral climate funds play a vital role in helping countries to deliver on their NDCs. The key features of a subset of these different

channels of public climate finance for beneficiary countries are summarized in the figure below, including the areas of support (adaptation, mitigation or cross-cutting) and the instruments used to deliver climate finance.

Figure 2  
**Characteristics of international public climate finance flows in the period 2015–2016**

	Annual average USD billion	Area of support				Financial instrument		
		Adaptation	Mitigation	REDD-plus <sup>a</sup>	Cross-cutting	Grants	Concessional loans	Other
Multilateral climate funds <sup>b</sup>	1.9	25%	53%	5%	17%	51%	44%	5%
Bilateral climate finance <sup>c</sup>	31.7	29%	50%	–	21%	47%	52%	<1%
MDB climate finance <sup>d</sup>	24.4	21%	79%	–	–	9%	74%	17%

*Note* : All values are based on approvals and commitments.

*Abbreviations*: MDB = multilateral development bank.

<sup>a</sup> ; In decision 1/CP.16, paragraph 70, the Conference of the Parties encouraged developing country Parties to contribute to mitigation actions in the forest sector by undertaking the following activities: reducing emissions from forest degradation; conservation of forest carbon stocks; sustainable management of forests; and enhancement of forest carbon stocks.

<sup>b</sup> ; Including Adaptation for Smallholder Agriculture Programme, Adaptation Fund, Bio Carbon Fund, Clean Technology Fund, Forest Carbon Partnership Facility, Forest Investment Program, Global Climate Change Alliance, Global Environment Facility Trust Fund, Green Climate Fund, Least Developed Countries Fund, Partnership for Market Readiness, Pilot Programme for Climate Resilience, Scaling Up Renewable Energy Program, Special Climate Change Fund and United Nations Collaborative Programme on Reducing Emissions from Deforestation and Forest Degradation in Developing Countries.

<sup>c</sup> ; Bilateral climate finance data are sourced from biennial reports from Parties included in Annex II to the Convention (that further include regional and other channels) for the annual average. Information related to the United States of America is drawn from preliminary data provided by the United States. The thematic split and the financial instrument data are taken from data from the Organisation for Economic Co-operation and Development (OECD) Development Assistance Committee (DAC), referring only to concessional flows of climate-related development assistance reported by OECD-DAC members. Section C of the summary and recommendations and chapter III of the technical report uses ‘bilateral finance’ to refer only to concessional flows of climate-related development assistance reported by OECD-DAC members.

<sup>d</sup> ; The annual average and thematic split of MDBs includes their own resources only, while the financial instrument data include data from MDBs and from external resources, due to the lack of data disaggregation.

38. Overall, trends in climate finance point to increasing flows towards beneficiary countries. Bilateral climate finance flows, and those channelled through MDBs, have increased since the 2016 BA, whereas flows from the multilateral climate funds have fluctuated, having decreased in 2015 before rebounding in 2016, although the average remains lower than in the 2013–2014 period, which reflects changes in the climate finance landscape.

39. When considering these flows in aggregate, support for mitigation remains greater than support for adaptation across all sources (noting, however, measurement differences). Bilateral finance flows from OECD-DAC providers had the greatest proportion intended for adaptation (29 per cent) in the period 2015–2016, followed by multilateral climate funds (25 per cent) and MDBs (21 per cent). However, the 2018 BA finds an increase in public climate finance flows that contributes towards both adaptation and mitigation from both bilateral contributors and multilateral climate funds. This makes it more difficult to track the progress made in ramping up adaptation finance. When, however, considering flows based on other groupings, there are variations in the composition of the types of support.

40. Grants continue to be a key instrument for the provision of adaptation finance. In the period 2015–2016 grants accounted for 62 and 94 per cent of the face value of bilateral adaptation finance reported to OECD and of adaptation finance from the multilateral climate funds, respectively. During the same period, 9 per cent of adaptation finance flowing through MDBs was grant-based. Mitigation finance remains less concessional in nature, with 25 per cent of bilateral flows, 31 per cent of multilateral climate fund approvals and 4 per cent of MDB investments taking the form of grants. These figures, however, may not fully capture the added value brought by combining different types of financial instruments, or technical assistance with capital flows, which can often lead to greater innovation or more sustainable implementation.

41. With regard to geographic distribution, Asia remains the principal recipient region of public climate finance flows. In the period 2015–2016, the region received 31 per cent of funding from multilateral climate funds, 42 per cent of bilateral finance reported to OECD and 41 per cent of MDB flows (including to the Pacific region). The Latin America and Caribbean region and sub-Saharan Africa each secured 22 per cent of approvals from the multilateral climate funds in the same period. Latin America and the Caribbean received 17 per cent of MDB financing and 10 per cent of bilateral finance reported to OECD, whereas sub-Saharan Africa received just

9 per cent of MDB financing but 30 per cent of bilateral finance reported to OECD.

42. With regard to flows to the least developed countries (LDCs) and small island developing States (SIDS) in the period 2015–2016, funding directed at the LDCs represented 24 per cent of bilateral flows, whereas that directed at SIDS accounted for 2 per cent of such flows. Of the bilateral finance provided to the LDCs and SIDS, around half was earmarked for adaptation. Similarly, 21 per cent of finance approved by multilateral climate funds went to the LDCs and 13 per cent to SIDS, and more than half of this finance was focused on adaptation. MDBs channelled 15 per cent of their climate finance to the LDCs and SIDS. The percentage of adaptation spending to these countries (41 per cent) is twice their climate finance spending overall.

43. The management of climate finance, as well as the development and implementation of the projects that it supports, necessarily entails costs. The degree of such costs, which are often recovered through mechanisms such as administrative budgets and implementing agency fees, varies across institutions. Among the major multilateral climate change funds, fees account for between 1 and 9 per cent of total fund value, ranging from USD 65,000 to USD 1.2 million per project. Although these costs tend to decrease over time as management and disbursement mechanisms become more streamlined, there is evidence to suggest that the alignment of administrative functions between funds (e.g. the Global Environment Facility administration of the Least Developed Countries Fund and Special Climate Change Fund) offers the best opportunity to keep administrative costs down. This is essential in order to retain the trust that providers and recipients place in the funds.

44. The push to diversify modalities of access to climate finance continues. Institutions in beneficiary countries are increasingly able to meet fiduciary and environmental and social safeguard requirements for accessing funds. There has been a notable increase in the number of regional and national implementing entities to the multilateral climate funds, despite large amounts remaining programmed through multilateral entities.

45. Ownership remains a critical factor in the delivery of effective climate finance. A broad concept of ownership encompasses the consistency of climate finance with national priorities, the degree to which national systems are used for both spending and tracking, and the engagement of a wide range of stakeholders. There have been a number of efforts to build capacity to access and make strategic choices about how to use finance and

oversee implementation. With regard to the role of governments, while there has been greater commitment by ministries of finance and planning to integrate climate finance into national budgetary planning, this is often not done fully. National-level institutions in beneficiary countries are playing a greater role in managing climate finance, particularly through domestic tracking systems. NDCs for which further financial resources need to be found are emerging as a platform that governments can use to stimulate engagement and strengthen national ownership of climate finance.

46. Mechanisms for monitoring the impact of climate finance have improved, albeit not uniformly. Thus, although the reporting of results (in terms of outputs) has increased, it is difficult to assess properly the quality of the impacts achieved (i.e. outcomes). These impacts are, moreover, presented in a multitude of formats. The reduction of GHG emissions remains the primary impact metric for climate change mitigation. Core mitigation-related multilateral funds are expected to reduce GHG emissions by over 11 billion tonnes of carbon dioxide equivalent (t CO<sub>2</sub> eq), with reported reductions already approaching 37 million t CO<sub>2</sub> eq. GHG reduction results are complemented by other quantitative data, such as the number of beneficiaries and the renewable energy capacity installed. The metrics, benchmarks and frameworks for monitoring the impact of mitigation projects continue to evolve, thereby helping to inform investment decisions.

47. Discussion on impact measurement of adaptation projects continues to be focused on the number and type of people that benefit from them, although the nature and extent of their beneficial effects are still difficult to quantify, both directly and indirectly. Adaptation finance channelled through core multilateral climate funds has so far reached over 20 million direct beneficiaries. The target for the combined number of direct and indirect beneficiaries is 290 million. Further work is necessary to develop adaptation and resilience metrics that can capture the whole spectrum of sectors receiving support and the many different approaches used, while allowing for aggregation of data and comparability between projects and funds.

48. The extent of co-financing remains important for the mobilization of private finance, but is challenged in terms of the availability of data, definitions and methods. Research suggests that multilateral climate funds can perform on a par with DFIs with regard to private co-financing ratios. The degree to which such finance can be mobilized, however, is often heavily influenced by



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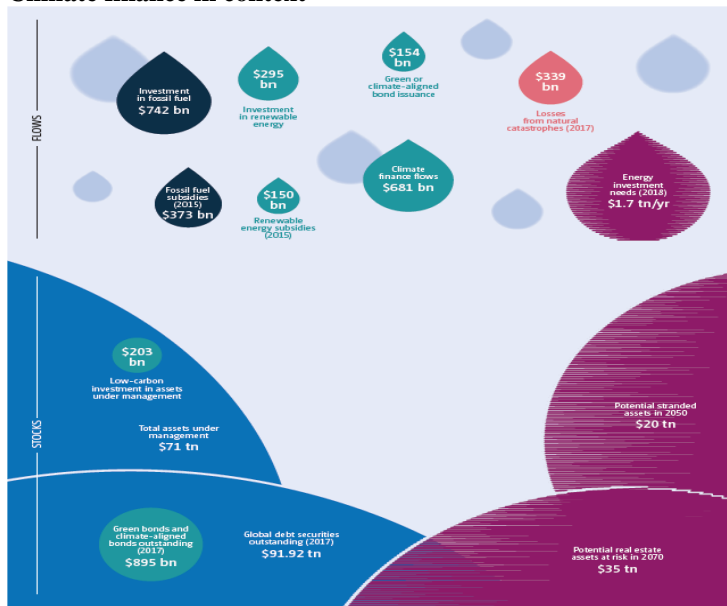
the investment conditions in a country, which are in turn created by the policy and regulatory frameworks in place.

**Information relevant to Article 2, paragraph 1(c), of the Paris Agreement: climate finance in context**

49. Climate finance continues to account for just a small proportion of overall finance flows (see figure 3); the level of climate finance is considerably below what one would expect given the investment opportunities and needs that have been identified. However, although climate finance flows must obviously be scaled up, it is also important to ensure the consistency of finance flows as a whole (and of capital stock) pursuant to Article 2, paragraph 1(c), of the Paris Agreement. This does not mean that all finance flows have to achieve explicitly beneficial climate outcomes, but that they must reduce the likelihood of negative climate outcomes. Although commitments are being made to ensure that finance flows from DFIs are climate consistent, more can be done to understand public finance flows and ensure that they are all consistent with countries' climate change and sustainable development objectives.

50. Awareness of climate risk in the financial sector has increased over the past few years. Positive developments are being seen in the sector, particularly with regard to the investment and lending policies of both public and private sector actors, and with regard to regulatory and fiscal policies and the information resources that guide decision-making.

Figure 3  
Climate finance in context



*Note:* All flows are global and annual for 2016 unless stated otherwise. Energy investment needs are modelled under a 2 °C scenario. The representation of stocks that overlap is not necessarily reflective of real-world overlaps. The flows represented are not representative of all flows contributing to the stocks presented. Data points are provided to place climate finance in context and do not represent an aggregate or systematic view. Climate finance flows are those represented in section B of the Summary and Recommendations and as reported in chapter 2 of the 2018 Biennial Assessment and Overview of Climate Finance Flows technical report. Investment in renewable energy overlaps with this estimate of climate finance flows.

*Source :* See figure 3.9 in the 2018 Biennial Assessment and Overview of Climate Finance Flows technical report.

## IV. Recommendations

51. The SCF invites the COP to consider the following recommendations:

### Chapter I (methodologies)

(a) *Request* developed country Parties and *encourage* developing country Parties, building on progress made so far and ongoing work, to continue enhancing the transparency, consistency and comparability of data on climate finance provided and mobilized through public interventions, and taking into consideration developments in relevant organizations and institutions;

(b) *Encourage* Parties providing climate finance to enhance their reporting of climate finance provided to developing country Parties;

(c) *Invite* Parties, through their board memberships in international financial institutions, to encourage continued efforts in the harmonization of methodologies for tracking and reporting climate finance among international organizations;

(d) *Encourage* developing country Parties, building on progress made so far and ongoing work, to consider, as appropriate, enhancing their reporting on the underlying assumptions, definitions and methodologies used in generating information on financial, technical and capacity-building needs and support received;

#### Chapter II (overview)

(f) *Encourage* developing country Parties that provide support to report information on climate finance provided to other developing country Parties;

(g) *Encourage* developed countries and climate finance providers, as well as multilateral and financial institutions, private finance data providers and other relevant institutions, to enhance the availability of granular, country-level data on mitigation and adaptation finance, inter alia, transport, agriculture, forests, water and waste;

(h) *Invite* private sector associations and financial institutions to build on the progress made on ways to improve data on climate finance and to engage with the SCF, including through their participation in the forums of the SCF with a view to enhancing the quality of the BA;

(i) *Request* the SCF to continue its work in the mapping of available data sets that integrate climate change considerations into insurance, lending and investment decision-making processes, and to include information relevant to Article 2, paragraph 1(c), of the Paris Agreement in future BAs;

#### Chapter III (assessment)

(j) *Invite* Parties to strive for complementarity between climate finance and sustainable development by, inter alia, aligning climate finance with national climate change frameworks and priorities, as well as broader economic development policies and national budgetary planning;

(k) *Encourage* developing countries to take advantage of available resources through the operating entities of the Financial Mechanism to strengthen institutional capacity for programming

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their priority climate action, as well as tracking climate finance, effectiveness and impacts;

(l) *Encourage* developed countries and climate finance providers to continue to enhance country ownership and consider policies to balance funding for adaptation and mitigation, taking into account beneficiary country strategies, and, in line with the mandates, building on experiences, policies and practices of the operating entities of the Financial Mechanism, particularly the GCF;

(m) *Encourage* climate finance providers to improve tracking and reporting on gender-related aspects of climate finance, impact measuring and mainstreaming;

(n) *Invite*, as in the 2016 BA, multilateral climate funds, MDBs, other financial institutions and relevant international organizations to continue to advance work on tracking and reporting on impacts of mitigation and adaptation finance;

(o) *Encourage* all relevant United Nations agencies and international, regional and national financial institutions to provide information to Parties through the secretariat on how their development assistance and climate finance programmes incorporate climate-proofing and climate-resilience measures, in line with new available scientific information;

(p) *Request* the SCF, in preparing future BAs, to continue assessing available information on the alignment of climate finance with investment needs and plans related to Parties' NDCs and national adaptation plans;

(q) *Request* the SCF, in preparing the 2020 BA, to take into consideration available information relevant to Article 2 of the Paris Agreement.

## Decision 5/CP.24

(FCCC/2018/10/Add.1)

### Report of the Green Climate Fund to the Conference of the Parties and guidance to the Green Climate Fund

*The Conference of the Parties,*

*Noting* the draft guidance to the Green Climate Fund prepared by the Standing Committee on Finance,<sup>1</sup>

*Recalling* decision 10/CP.22, paragraph 5,

1. *Welcomes* the report of the Green Climate Fund to the Conference of the Parties at its twenty- fourth session and its addendum,<sup>2</sup> including the list of actions taken by the Board of the Green Climate Fund (hereinafter referred to as the Board) in response to guidance received from the Conference of the Parties;

2. Also welcomes the progress of the Green Climate Fund in 2018, including:

(a) That funding approved by the Board has reached USD 5.5 billion, including USD 4.6 billion in loans, grants, equities and guarantees in the past three years for the implementation of 93 funding proposals for adaptation and mitigation in 96 developing countries;

(b) The work to strengthen the Green Climate Fund's institutional capacity, standards and safeguards, transparency, inclusiveness, pipeline and role within the climate finance landscape;

(c) The decision of the Board<sup>3</sup> to initiate a review of the performance of the Green Climate Fund to assess the progress of the Fund in delivering on its mandate as set out in its Governing Instrument;

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<sup>1</sup> FCCC/CP/2018/8, annex IV.

<sup>2</sup> FCCC/CP/2018/5 and Add.1.

<sup>3</sup> Green Climate Fund Board decision B.21/17.

(d) The decision of the Board<sup>4</sup> concerning the selection process for the appointment of the Executive Director of the Green Climate Fund secretariat;

(e) The decision of the Board to select and appoint the International Bank for Reconstruction and Development as the trustee of the Green Climate Fund;

(f) Efforts made to improve access to the Green Climate Fund through the structured dialogues and the Readiness and Preparatory Support Programme;

(g) The increase in the number of entities accredited by the Board, including direct access entities;

(h) The implementation of the simplified approvals process, including the approval of four projects worth USD 30.1 million in Green Climate Fund funding to date;

(i) The collaboration in 2018 between the Green Climate Fund and the Technology Executive Committee and the Climate Technology Centre and Network;

(j) The decision of the Board<sup>5</sup> on financial planning in 2019 and the allocation of up to USD 600 million to fund projects submitted in response to requests for proposals and pilot programmes, including the requests for “proposals on REDD-plus results-based payments”, mobilizing funds at scale, micro, small and medium-sized enterprises, enhanced direct access and the simplified approvals process;

(k) The first annual report on complementarity and coherence with the Green Climate Fund and other climate finance channels;

3. *Further welcomes* the report on the implementation of the 2018 workplan and the approval of the 2019 workplan of the Board, and urges the Board to address remaining policy gaps, including on, as specified in the Fund’s Governing Instrument and its rules of procedure:

(a) Policies relating to:

(i) The approval of funding proposals, including project and programme eligibility and selection criteria, incremental costs, co-financing, concessionality, programmatic approach, restructuring and cancellation;

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<sup>4</sup> Green Climate Fund Board decision B.21/06.

<sup>5</sup> Green Climate Fund Board decision B.21/14.

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- (ii) Prohibited practices as well as the implementation of the anti-money-laundering and countering the financing of terrorism policy;
- (b) Review of the accreditation framework;
- (c) Pursuing privileges and immunities for the Green Climate Fund;
- (d) Consideration of alternative policy approaches, such as joint mitigation and adaptation approaches for the integral and sustainable management of forests;<sup>6</sup>
- (e) The requests for proposals to support climate technology incubators and accelerators, in accordance with Board decision B.18/03;
4. *Urges* the Board to continue its consideration of procedures for adopting decisions in the event that all efforts at reaching consensus have been exhausted, as specified in the Fund's Governing Instrument;
5. *Welcomes* the launching of the first formal replenishment process and the Board's decisions on the inputs and processes related to the Fund's replenishment,<sup>7</sup> which take into account the needs of developing countries;
6. *Stresses* the urgency to reach pledges for the first formal replenishment process aiming to conclude the process in October 2019;
7. *Takes note* of the independent evaluations of the readiness and preparatory support programme and encourages the Board to address the recommendations contained therein, in accordance with paragraph 59 of the Governing Instrument, with a view to improving access to the Green Climate Fund and increasing the Fund's efforts to support country ownership and country programming;
8. *Reaffirms* the necessity to focus on implementation and to speed up disbursement of funds to already approved projects as a key element of the Green Climate Fund's operations in line with agreed disbursement schedules;
9. *Invites* Parties to submit to the secretariat via the submission portal,<sup>8</sup> no later than 10 weeks prior to the twenty-fifth session of the Conference of the Parties (November 2019), their views and

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<sup>6</sup> Decision 16/CP.21, paragraph 6, and decision 7/CP.21, paragraph 25.

<sup>7</sup> Green Climate Fund Board decision B.21/18.

<sup>8</sup> <[https://unfccc.int/submissions\\_and\\_statements](https://unfccc.int/submissions_and_statements)>.

recommendations on elements to be taken into account in developing guidance for the Board;

10. *Requests* the Standing Committee on Finance to take into consideration the submissions referred to in paragraph above when preparing its draft guidance for the Board for consideration by the Conference of the Parties;

11. *Also requests* the Board to include in its annual report to the Conference of the Parties information on the steps that it has taken to implement the guidance provided in this decision;

12. *Decides*, in accordance with decision 1/CP.21, paragraph 61, to transmit to the Green Climate Fund the guidance from the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement contained in the decisions referred to in decision 3/CMA.1,<sup>9</sup> paragraph 4.

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<sup>9</sup> Decision adopted under agenda item 3 of the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement at the third part of its first session.



## Decision 6/CP.24

(FCCC/2018/10/Add.1)

### Report of the Global Environment Facility to the Conference of the Parties and guidance to the Global Environment Facility

*The Conference of the Parties,*

*Noting* the draft guidance to the Global Environment Facility prepared by the Standing Committee on Finance,<sup>1</sup>

1. *Welcomes* the report of the Global Environment Facility to the Conference of the Parties and its addendum,<sup>2</sup> including the responses of the Global Environment Facility to guidance from the Conference of the Parties;
2. *Also welcomes* the seventh replenishment of the Global Environment Facility (July 2018 to June 2022);
3. *Recognizes with concern* the decrease in allocation to the climate change focal area, including the System for Transparent Allocation of Resources, compared with the sixth replenishment;
4. *Urges* all Parties that have not made pledges for the seventh replenishment of the Global Environment Facility to do so as soon as possible;
5. *Acknowledges* the increased integration of climate change priorities into other focal areas and the impact programmes in the seventh replenishment of the Global Environment Facility, as well as the increased focus on innovation and enhanced synergies with other focal areas;
6. *Highlights* the importance of enhancing country ownership in the impact programmes of the seventh replenishment of the Global Environment Facility;
7. *Requests* the Global Environment Facility, as appropriate, to ensure that its policies and procedures related to the consideration and review of funding proposals be duly followed in an efficient manner;

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<sup>1</sup> FCCC/CP/2018/8, annex V.

<sup>2</sup> FCCC/CP/2018/6 and Add.1.

8. *Looks forward* to the projected delivery of greenhouse gas emission reductions in the seventh replenishment period, which is twice the amount planned for the sixth replenishment;
9. *Acknowledges* the updated policy on co-financing of the Global Environment Facility,<sup>3</sup> which sets out an ambition for the overall portfolio of the Global Environment Facility to reach an increased ratio of co-financing to its project financing;
10. *Recognizes* that the Global Environment Facility does not impose minimum thresholds and/or specific types or sources of co-financing or investment mobilized in its review of individual projects and programmes;<sup>4</sup>
11. *Welcomes* the inclusion of support for the Capacity-building Initiative for Transparency in the seventh replenishment of the Global Environment Facility, which enhances predictability of funding for the Initiative;
12. *Requests* the Global Environment Facility to continue to manage the Capacity-building Initiative for Transparency to fund a diversity of countries and regions, taking into account each country's capacity, in line with priorities of support as contained in the programming directions of the Capacity-building Initiative for Transparency;<sup>5</sup>
13. *Invites* the Global Environment Facility to enhance the information in its reports to the Conference of the Parties on the outcomes of the collaboration between the Poznan strategic programme on technology transfer's climate technology and finance centres and the Climate Technology Centre and Network;
14. *Requests* the Global Environment Facility to continue to monitor the geographic and thematic coverage, as well as the effectiveness, efficiency and engagement, of the Global Environment Facility Partnership, and to consider the participation of additional national and regional entities, as appropriate;
15. *Welcomes* the establishment of the private sector advisory group;
16. *Encourages* a balanced composition of the private sector advisory group in terms of gender and geographical coverage;

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<sup>3</sup> Global Environment Facility Council decision GEF/C.54/10/Rev.01.

<sup>4</sup> Global Environment Facility document GEF/C.54/10/Rev. 01, annex I, paragraph 5.

<sup>5</sup> Global Environment Facility document GEF/C.50/06, paragraph 26.

17. *Welcomes* the Global Environment Facility Council's decision<sup>6</sup> to begin the process of developing improved fiduciary standards, including anti-money-laundering and counter-terrorism finance policy and requests the Global Environment Facility to include updates on this work in its report to the Conference of the Parties at its twenty-fifth session (November 2019);

18. *Requests* the Global Environment Facility to review and, if necessary, update or adopt policies for preventing sexual harassment and the abuse of authority with the aim of protecting the staff of the Global Environment Facility secretariat as well its partner organizations against unwanted sexual advances, preventing inappropriate behaviour and abuse of power and providing guidelines for reporting incidents;

19. *Invites* Parties to submit to the secretariat via the submission portal,<sup>7</sup> no later than 10 weeks prior to the twenty-fifth session of the Conference of the Parties, their views and recommendations on elements to be taken into account in developing guidance for the Global Environment Facility;

20. *Requests* the Standing Committee on Finance to take into consideration the submissions referred to in paragraph 19 above when preparing its draft guidance for the Global Environment Facility for consideration by the Conference of the Parties;

21. *Also* requests the Global Environment Facility to include in its annual report to the Conference of the Parties information on the steps that it has taken to implement the guidance provided in this decision;

22. *Decides*, in accordance with decision 1/CP.21, paragraph 61, to transmit to the Global Environment Facility the guidance from the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement contained in the decisions referred to in decision - /CMA.1<sup>8</sup>, paragraph 4.

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<sup>6</sup> Global Environment Facility Council decision GEF/C.54/10/Rev.01.

<sup>7</sup> <[https://unfccc.int/submissions\\_and\\_statements](https://unfccc.int/submissions_and_statements)>.

<sup>8</sup> Decision adopted under agenda item 3 of the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement.

## Decision 1/CMP.14

(FCCC/KP/CMP/2018/8/Add.1)

### Matters relating to the Adaptation Fund

*The Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol,*

1. *Takes note of decision -/CMA.1,<sup>1</sup> whereby the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement decided that the Adaptation Fund shall serve the Paris Agreement under the guidance of, and be accountable to, the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement with respect to all matters relating to the Paris Agreement, effective 1 January 2019;*
2. *Decides* that the Adaptation Fund shall exclusively serve the Paris Agreement and shall no longer serve the Kyoto Protocol once the share of proceeds under Article 6, paragraph 4, of the Paris Agreement becomes available;
3. *Also decides*, pursuant to paragraph 2 above, that the Adaptation Fund shall continue to receive the share of proceeds, if available, from activities under Articles 6, 12 and 17 of the Kyoto Protocol;
4. *Further decides* to ensure that developing country Parties and developed country Parties that are Parties to the Paris Agreement are eligible for membership on the Adaptation Fund Board;
5. *Requests* the Subsidiary Body for Implementation, at its fiftieth session (June 2019), to consider the matter referred to in paragraph 4 above, and to forward a recommendation to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol for consideration at its fifteenth session (November 2019);
6. *Also requests* the Adaptation Fund Board: to consider the rules of procedure of the Board, the arrangements of the Adaptation Fund with respect to the Paris Agreement and any other matter so as to ensure the Adaptation Fund serves the Paris Agreement smoothly; to consider the implications of the Adaptation Fund receiving the

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<sup>1</sup> Draft decision titled “Matters relating to the Adaptation Fund” proposed under agenda item 4 of the Conference of the Parties at its twenty-fourth session.

share of proceeds from activities under Articles 6, 12 and 17 of the Kyoto Protocol when the Adaptation Fund serves the Paris Agreement; and to make recommendations to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol at its fifteenth session with a view to the recommendations being forwarded to the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement for consideration at its second session (November 2019).

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## Decision 2/CMP.14

(FCCC/KP/CMP/2018/8/Add.1)

### Report of the Adaptation Fund Board

*The Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol,*

*Recalling decisions 1/CMP.3, 1/CMP.4, 2/CMP.10, 1/CMP.11 and 1/CMP.13,*

1. *Takes note* of the annual report of the Adaptation Fund Board, including its addendum, and the information contained therein;<sup>1</sup>
2. *Notes* the following information, actions and decisions relating to the Adaptation Fund Board presented in the report referred to in paragraph 1 above:
  - (a) The accreditation of 28 national implementing entities for accessing resources from the Adaptation Fund directly;
  - (b) Cumulative project and programme approvals reaching USD 476.8 million as at 30 June 2018;
  - (c) Funds available for new funding approvals amounting to USD 225.7 million as at 30 June 2018;
  - (d) The value of projects and programmes in the active pipeline estimated at over USD 270 million as at 30 June 2018;
  - (e) The approval, under the pilot phase of the readiness support package, of the first readiness support package grant (in July 2018), amounting to USD 100,000, to provide tailored technical assistance and capacity-building through a suite of tools for supporting developing country entities in accessing the Fund's resources through direct access;
  - (f) The approval of funding decisions for readiness grants amounting to USD 175,000, consisting of USD 150,000 in South–South cooperation grants and a USD 25,000 technical assistance grant for the environmental and social safeguards policy and the gender policy;
  - (g) The cumulative receipts of USD 753.5 million into the Adaptation Trust Fund, as at 30 June 2018, comprising USD 199.4

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<sup>1</sup> FCCC/KP/CMP/2018/4 and Add.1, as requested in decision 1/CMP.13, paragraph 11.

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million from the monetization of certified emission reductions, USD 538.3 million from additional contributions and USD 15.8 million from investment income earned on the trust fund balance;

(h) The adoption, by the Board, of the first medium-term strategy for the Fund for the period 2018–2022 (in October 2017) and of an implementation plan for the strategy (in March 2018);

(i) The approval of eight single-country project/programme proposals submitted by implementing entities, totalling USD 39.0 million, including four proposals submitted by national implementing entities amounting to USD 10.3 million, one proposal submitted by a regional implementing entity to the amount of USD 10.0 million, and three proposals submitted by multilateral implementing entities to the amount of USD 18.6 million;

(j) The approval of two regional (multi-country) projects, with total funding of USD 19 million, and the decision to provide funding up to the amount of USD 60 million for regional project and programme proposals in fiscal year 2019 (1 July 2018 to 30 June 2019);

(k) The contributions received from 1 July 2017 to 30 June 2018, amounting to USD 95.9 million, from Germany, Ireland, Italy and Sweden, and the Brussels-Capital and Walloon Regions of Belgium;

3. *Also notes* the total amount of USD 95.9 million in contributions made to the Adaptation Fund in 2017, surpassing the fundraising target of the Adaptation Fund Board of USD 80 million for the 2017 calendar year;

4. *Welcomes* the financial pledges to the Adaptation Fund made by the European Union, France, Germany, Ireland, Italy, New Zealand, Sweden, the Brussels - Capital and Walloon Regions of Belgium, equivalent to USD 129.0 million;

5. *Notes* that, with the pledges referred to in paragraph 4 above, the fundraising target of the Adaptation Fund Board of USD 90 million for the 2018 calendar year has been surpassed;

6. *Reiterates* its concern regarding the issues related to the sustainability, adequacy and predictability of funding for the Adaptation Fund due to the current uncertainty about the prices of certified emission reductions;<sup>2</sup>

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<sup>2</sup> Decisions 2/CMP.12, paragraph 6, and 1/CMP.13, paragraph 6.

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7. *Also reiterates* the encouragement of the scaling - up of financial resources, including the provision of voluntary support, that are additional to the share of proceeds levied on certified emission reductions, in order to support the resource mobilization efforts of the Adaptation Fund Board with a view to strengthening the Adaptation Fund;<sup>3</sup>

8. *Welcomes with appreciation* the Adaptation Fund Board's consideration of and report on linkages to other funds to ensure coherence and complementarity;<sup>4</sup>

9. *Encourages* the Adaptation Fund Board to continue, in line with its existing mandate, its consideration of linkages between the Adaptation Fund and other funds;

10. *Also encourages* the Adaptation Fund Board to continue its efforts to enhance complementarity and coherence with other funds both under and outside the Convention, including to better align processes and leverage financing;

11. *Requests* the Adaptation Fund Board to report on any outcomes related to paragraphs 9 and 10 above to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol at its fifteenth session (November 2019).

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<sup>3</sup> Decision 1/CMP.13, paragraph 7.

<sup>4</sup> FCCC/KP/CMP/2018/4, paragraphs 45–56, and FCCC/KP/CMP/2018/4/Add.1, paragraph 18.



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## Decision 3/CMA.1

FCCC/PA/CMA/2018/3/Add.1

### **IV. Guidance to the operating entities of the Financial Mechanism – the Green Climate Fund and the Global Environment Facility – and on the Least Developed Countries Fund and the Special Climate Change Fund**

6. *Confirms* that the Standing Committee on Finance shall serve the Paris Agreement;
  7. *Also confirms* that the Least Developed Countries Fund and the Special Climate Change Fund shall serve the Paris Agreement;
  8. *Requests* the Standing Committee on Finance to prepare draft guidance for the entities entrusted with the operation of the Financial Mechanism, and on the Least Developed Countries Fund and the Special Climate Change Fund, for consideration and adoption by the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement at its second session (December 2019);
  9. *Confirms* that it shall provide guidance to the entities entrusted with the operation of the Financial Mechanism of the Convention on the policies, programme priorities and eligibility criteria related to the Paris Agreement for transmission by the Conference of the Parties;
  10. *Recommends* that, in accordance with decision 1/CP.21, paragraph 61, the Conference of the Parties transmit to the operating entities of the Financial Mechanism the guidance contained in the decisions referred to in paragraph 4 above;
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## Decision 12/CMA.1

(FCCC/PA/CMA/2018/3/Add.1)

### **Identification of the information to be provided by Parties in accordance with Article 9, paragraph 5, of the Paris Agreement**

*The Conference of the Parties serving as the meeting of the Parties to the Paris Agreement,*

*Recalling* Articles 4 and 11 of the Convention,

*Also recalling* Article 9, paragraphs 1–5, of the Paris Agreement,

*Further recalling* Articles 3, 4, 7, 10, 11 and 14 of the Paris Agreement,

*Recalling* decisions 3/CP.19, 1/CP.21, 13/CP.22 and 12/CP.23,

*Underscoring* the need for continued and enhanced international support for the implementation of the Paris Agreement,

1. *Recognizes* the importance of predictability and clarity of information on financial support for the implementation of the Paris Agreement;
2. *Reiterates* that developed country Parties shall biennially communicate indicative quantitative and qualitative information related to Article 9, paragraphs 1 and 3, of the Paris Agreement, as applicable, including, as available, projected levels of public financial resources to be provided to developing country Parties. Other Parties providing resources are encouraged to communicate biennially such information on a voluntary basis;
3. *Underlines* the importance of Article 9, paragraphs 1 and 3, of the Paris Agreement on this matter;
4. *Requests* developed country Parties to submit the biennial communications referred to in paragraph 2 above and as specified in the annex, starting in 2020;
5. *Encourages* other Parties providing resources to communicate biennially, as referred to in paragraph 2 above, on a voluntary basis;

6. *Requests* the secretariat to establish a dedicated online portal for posting the biennial communications;
7. Also requests the secretariat to prepare a compilation and synthesis of the information included in the biennial communications, referred to in paragraph 2 above, starting in 2021, and to inform the global stocktake;
8. Further requests the secretariat to organize biennial in - session workshops beginning the year after the submission of the first biennial communications referred to in paragraph 2 above, and to prepare a summary report on each workshop;
9. Decides to consider the compilations and syntheses referred to in paragraph 7 above and the summary report on the in-session workshops referred to in paragraph 8 above, starting at its fourth session (November 2021);
10. Also decides to convene a biennial high-level ministerial dialogue on climate finance beginning in 2021, to be informed, inter alia, by the summary reports on the in-session workshops referred to in paragraph 8 above and the biennial communications referred to in paragraph 2 above;
11. Requests the President of the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement to summarize the deliberations of the dialogue referred to in paragraph 10 above for consideration by the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement at its succeeding session;
12. Invites the Conference of the Parties to consider the compilation and syntheses and the summary reports on the in-session workshops referred to in paragraphs 7 and 8 above, respectively;
13. Decides to consider updating the types of information contained in the annex at its sixth session (2023) on the basis of the experiences and lessons learned by Parties in the preparation of their biennial communications of indicative quantitative and qualitative information;
14. Takes note of the estimated budgetary implications of the activities to be undertaken by the secretariat pursuant to the provisions
15. Requests that the actions of the secretariat called for in this decision be undertaken subject to the availability of financial resources.

## Annex

### **Types of information to be provided by Parties in accordance with Article 9, paragraph 5, of the Paris Agreement**

Developed country Parties shall biennially communicate indicative quantitative and qualitative information related to Article 9, paragraphs 1 and 3, of the Paris Agreement, as applicable, including, as available, projected levels of public financial resources to be provided to developing country Parties. Other Parties providing resources are encouraged to communicate biennially such information on a voluntary basis. This should include:

(a) Enhanced information to increase clarity on the projected levels of public financial resources to be provided to developing countries, as available;

(b) Indicative quantitative and qualitative information on programmes, including projected levels, channels and instruments, as available;

(c) Information on policies and priorities, including regions and geography, recipient countries, beneficiaries, targeted groups, sectors and gender responsiveness;

(d) Information on purposes and types of support: mitigation, adaptation, cross-cutting activities, technology transfer and capacity-building;

(e) Information on the factors that providers of climate finance look for in evaluating proposals, in order to help to inform developing countries;

(f) An indication of new and additional resources to be provided, and how it determines such resources as being new and additional;

(g) Information on national circumstances and limitations relevant to the provision of ex ante information;

(h) Information on relevant methodologies and assumptions used to project levels of climate finance;

(i) Information on challenges and barriers encountered in the past, lessons learned and measures taken to overcome them;

(j) Information on how Parties are aiming to ensure a balance between adaptation and mitigation, taking into account the country-driven strategies and the needs and priorities of developing country Parties, especially those that are particularly vulnerable to the adverse effects of climate change and have significant capacity constraints, such as the least developed countries and small island developing States, considering the need for public and grant-based resources for adaptation;

(k) Information on action and plans to mobilize additional climate finance as part of the global effort to mobilize climate finance from a wide variety of sources, including on the relationship between the public interventions to be used and the private finance mobilized;

(l) Information on how financial support effectively addresses the needs and priorities of developing country Parties and supports country-driven strategies;

(m) Information on how support provided and mobilized is targeted at helping developing countries in their efforts to meet the long-term goals of the Paris Agreement, including by assisting them in efforts to make finance flows consistent with a pathway towards low greenhouse gas emissions and climate-resilient development;

(n) Information on efforts to integrate climate change considerations, including resilience, into their development support;

(o) Information on how support to be provided to developing country Parties enhances their capacities.

*26<sup>th</sup> plenary meeting  
15 December 2018*

## Decision 13/CMA.1

(FCCC/PA/CMA/2018/3/Add.1)

### Matters relating to the Adaptation Fund

*The Conference of the Parties serving as the meeting of the Parties to the Paris Agreement,*

1. *Decides* that the Adaptation Fund shall serve the Paris Agreement under the guidance of, and be accountable to, the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement with respect to all matters relating to the Paris Agreement, effective 1 January 2019, subject to the decision on this matter made by the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol;
2. *Recommends* that the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol decide that the Adaptation Fund will continue to be financed by the activities under Articles 6, 12 and 17 of the Kyoto Protocol;
3. *Also recommends* to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol that the Adaptation Fund shall exclusively serve the Paris Agreement once the share of proceeds under Article 6, paragraph 4, of the Paris Agreement becomes available;
4. *Invites* the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol ensure that developing country Parties and developed country Parties that are Parties to the Paris Agreement are eligible for membership on the Adaptation Fund Board;
5. *Decides* that, when the Adaptation Fund serves the Paris Agreement, it shall be financed from the share of proceeds from the mechanism established by Article 6, paragraph 4, of the Paris Agreement and from a variety of voluntary public and private sources;

6. *Invites* the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol to request the Adaptation Fund Board to consider the rules of procedure of the Board, the arrangements of the Adaptation Fund with respect to the Paris Agreement and the implications of the Adaptation Fund receiving the share of proceeds from activities under Articles 6, 12 and 17 of the Kyoto Protocol when the Adaptation Fund serves the Paris Agreement, with a view to forwarding recommendations to the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement for consideration at its second session (November 2019)

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**Decision 14/CMA.1***FCCC/PA/CMA/2018/3/Add.2***Setting a new collective quantified goal on finance in accordance with decision 1/CP.21, paragraph 53**

*The Conference of the Parties serving as the meeting of the Parties to the Paris Agreement,*

*Recalling* decision 1/CP.21, paragraph 53,

1. *Decides* to initiate at its third session (November 2020), in accordance with Article 9, paragraph 3, of the Paris Agreement, deliberations on setting a new collective quantified goal from a floor of USD 100 billion per year in the context of meaningful mitigation actions and transparency of implementation and taking into account the needs and priorities of developing countries;

2. *Agrees* to consider, in its deliberations referred to in paragraph 1 above, the aim to strengthen the global response to the threat of climate change in the context of sustainable development and efforts to eradicate poverty, including by making finance flows consistent with a pathway towards low greenhouse gas emissions and climate-resilient development.

*26<sup>th</sup> plenary meeting  
15 December 2018*



## Decision 18/CMA.1

(FCCC/PA/CMA/2018/3/Add.2)

### **Modalities, procedures and guidelines for the transparency framework for action and support referred to in Article 13 of the Paris Agreement**

*The Conference of the Parties serving as the meeting of the Parties to the Paris Agreement,*

*Recalling* the Paris Agreement, adopted under the Convention, in particular Article 2, paragraph 2, and Article 13, including paragraphs 1, 14 and 15,

*Also recalling* decision 1/CP.21,

*Recognizing* that the Capacity-building Initiative for Transparency, established pursuant to decision 1/CP.21, paragraph 84, will continue to support developing country Parties, upon request, to build their institutional and technical capacity, both pre- and post-2020,

*Also recognizing* that flexibility for those developing country Parties that need it in the light of their capacities is reflected in the modalities, procedures and guidelines for the transparency of action and support,

1. *Adopts*, pursuant to Article 13, paragraph 13, of the Paris Agreement, the modalities, procedures and guidelines for the transparency framework for action and support (hereinafter referred to as the modalities, procedures and guidelines) contained in the annex;
2. *Requests* the Subsidiary Body for Scientific and Technological Advice to undertake the first review and update, as appropriate, of the modalities, procedures and guidelines no later than 2028 on the basis of experience in reporting, technical expert review and facilitative, multilateral consideration of progress, and decides that subsequent reviews and updates will be undertaken as and when the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement determines them to be appropriate;
3. *Decides* that Parties shall submit their first biennial transparency report and national inventory report, if submitted as a

stand-alone report, in accordance with the modalities, procedures and guidelines, at the latest by 31 December 2024;

4. *Also decides* that the least developed country Parties and small island developing States may submit the information referred to in Article 13, paragraphs 7, 8, 9 and 10, of the Paris Agreement at their discretion;

5. *Invites* Parties and, as appropriate, intergovernmental organizations to nominate technical experts with the relevant qualifications to the UNFCCC roster of experts as referred to in chapter VII.I of the annex;

6. *Requests* the secretariat, in addition to the actions specified in the modalities, procedures and guidelines, to:

(a) Produce synthesis reports on Parties' biennial transparency reports and national inventory reports;

(b) Produce an annual report on the technical expert review;

(c) Publish Parties' biennial transparency reports and national inventory reports, if submitted as a stand-alone report, the technical expert review reports, and the records of Parties' facilitative, multilateral consideration of progress on the UNFCCC website;

7. *Recalls* that, in accordance with Article 13, paragraphs 14 and 15, of the Paris Agreement, support shall be provided to developing country Parties for the implementation of Article 13 and for the building of transparency-related capacity of developing country Parties on a continuous basis;

8. *Urges* and requests the Global Environment Facility, as an operating entity of the Financial Mechanism, throughout its replenishment cycles, to support developing country Parties in preparing their first and subsequent biennial transparency reports;

9. *Encourages* the Global Environment Facility to consider options for improving the efficiency of the process for providing support for reporting under Article 13 of the Paris Agreement, in particular for addressing the challenges in the application process, including by potentially providing an avenue for Parties to apply for funding for more than one report through the same application in each replenishment period;

10. *Urges* the Global Environment Facility and its implementing and executing agencies and encourages the Global Environment Facility Council to consider options for improving the efficiency of

the process for providing support for reporting under Article 13 of the Paris Agreement, including through better streamlining of the processes related to applications, implementation plans and signing of grant agreements;

11. *Requests* the Global Environment Facility to continue to support the operation of the Capacity-building Initiative for Transparency as a priority reporting-related need;

12. *Also requests* the Subsidiary Body for Scientific and Technological Advice to develop, pursuant to the modalities, procedures and guidelines, for consideration and adoption by the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement at its third session (November 2020):

(a) Common reporting tables for the electronic reporting of the information referred to in chapter II, and common tabular formats for the electronic reporting of the information referred to in chapters III, V and VI, of the annex, taking into account the existing common tabular formats and common reporting formats;

(b) Outlines of the biennial transparency report, national inventory document and technical expert review report, pursuant to the modalities, procedures and guidelines contained in the annex;

(c) A training programme for technical experts participating in the technical expert review;

13. *Invites* Parties to submit their views on the work referred to in paragraph 12 above via the submission portal by 31 March 2019;

14. *Notes* decision 1/CP.24, paragraphs 45 and 46, in which the Conference of the Parties decided that the technical annex referred to in decision 14/CP.19, paragraph 7, containing modalities for measuring, reporting and verifying the activities referred to in decision 1/CP.16, paragraph 70, shall be submitted as an annex to the biennial transparency report to be submitted by Parties under Article 13 of the Paris Agreement, and that the technical analysis referred to in decision 14/CP.19, paragraph 11, shall be carried out concurrently with the technical expert review under Article 13 of the Paris Agreement;

15. *Decides* that, subject to the extension of its term by the Conference of the Parties, as referred to in decision 11/CP.24, paragraph 1, the Consultative Group of Experts referred to therein shall also serve the Paris Agreement, starting from 1 January 2019, to support the implementation of the enhanced transparency framework under Article 13 of the Paris Agreement by, inter alia:

(a) Facilitating the provision of technical advice and support to developing country Parties, as applicable, including for the preparation and submission of their biennial transparency reports and facilitating improved reporting over time;

(b) Providing technical advice to the secretariat on the implementation of the training of the technical expert review teams referred to in paragraph 12(c) above;

16. *Requests* that the actions of the secretariat called for in this decision be undertaken subject to the availability of financial resources.

## Annex

# **Modalities, procedures and guidelines for the transparency framework for action and support referred to in Article 13 of the Paris Agreement**

## **I. Introduction**

### **A. Purpose**

1. In accordance with Article 13, paragraph 5, of the Paris Agreement, the purpose of the framework for transparency of action is to provide a clear understanding of climate change action in the light of the objective of the Convention as set out in its Article 2, including clarity and tracking of progress towards achieving Parties' individual nationally determined contributions (NDCs) under Article 4, and Parties' adaptation actions under Article 7, including good practices, priorities, needs and gaps, to inform the global stocktake under Article 14.

2. In accordance with Article 13, paragraph 6, of the Paris Agreement, the purpose of the framework for transparency of support is to provide clarity on support provided and received by relevant individual Parties in the context of climate change actions under Articles 4, 7, 9, 10 and 11, and, to the extent possible, to provide a full overview of aggregate financial support provided, to inform the global stocktake under Article 14.

### **B. Guiding principles**

3. The guiding principles of these modalities, procedures and guidelines (MPGs) are:

(a) Building on and enhancing the transparency arrangements under the Convention, recognizing the special circumstances of the least developed countries (LDCs) and small island developing States (SIDS), and implementing the transparency framework in a facilitative, non-intrusive, non-punitive manner, respecting national sovereignty and avoiding placing undue burden on Parties;

- (b) The importance of facilitating improved reporting and transparency over time;
- (c) Providing flexibility to those developing country Parties that need it in the light of their capacities;
- (d) Promoting transparency, accuracy, completeness, consistency and comparability;
- (e) Avoiding duplication of work and undue burden on Parties and the secretariat;
- (f) Ensuring that Parties maintain at least the frequency and quality of reporting in accordance with their respective obligations under the Convention;
- (g) Ensuring that double counting is avoided;
- (h) Ensuring environmental integrity.

### **C. Flexibility to those developing country Parties that need it in the light of their capacities**

4. In accordance with Article 13, paragraph 2, of the Paris Agreement, the enhanced transparency framework shall provide flexibility in the implementation of the provisions of Article 13 to those developing country Parties that need it in the light of their capacities, and these MPGs shall reflect such flexibility.

5. These MPGs specify the flexibility that is available to those developing country Parties that need it in the light of their capacities pursuant to Article 13, paragraph 2, reflecting flexibility, including in the scope, frequency and level of detail of reporting, and in the scope of the review, as referred to decision 1/CP.21, paragraph 89.

6. The application of a flexibility provided for in the provisions of these MPGs for those developing country Parties that need it in the light of their capacities is to be self-determined. The developing country Party shall clearly indicate the provision to which flexibility is applied, concisely clarify capacity constraints, noting that some constraints may be relevant to several provisions, and provide self-determined estimated time frames for improvements in relation to those capacity constraints. When a developing country Party applies flexibility provided for in these MPGs, the technical expert review teams shall not review the Party's determination to apply such flexibility or whether the Party possesses the capacity to implement that specific provision without flexibility.

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## **D. Facilitating improved reporting and transparency over time**

7. To facilitate continuous improvement, each Party should, to the extent possible, identify, regularly update and include as part of its biennial transparency report information on areas of improvement in relation to its reporting pursuant to chapters II, III, IV, V and VI of these MPGs, including, as applicable:

(a) Areas of improvement identified by the Party and the technical expert review team in relation to the Party's implementation of Article 13 of the Paris Agreement;

(b) How the Party is addressing or intends to address areas of improvement as referred to in paragraph 7(a) above, as appropriate;

(c) Those developing country Parties that need flexibility in the light of their capacities are encouraged to highlight the areas of improvement that are related to the flexibility provisions used;

(d) Identification of reporting-related capacity-building support needs, including those referred to in paragraph 6 above, and any progress made, including those previously identified as part of the technical expert review referred to in chapter VII below.

8. Parties' domestic plans and priorities with regard to improved reporting reported pursuant to paragraph 7 above are not subject to technical expert review, but the information may inform discussions on areas of improvement and identification of capacity-building needs between the technical expert review team and the Party concerned.

9. In accordance with Article 13, paragraphs 14 and 15, of the Paris Agreement, support shall be provided to developing country Parties for the implementation of Article 13 of the Paris Agreement and for the building of transparency-related capacity of developing country Parties on a continuous basis.

## **E. Reporting format**

10. In the biennial transparency report:

(a) Each Party shall provide a national inventory report of anthropogenic emissions by sources and removals by sinks of greenhouse gases (GHGs), in accordance with the MPGs contained in chapter II below;

(b) Each Party shall provide the information necessary to track progress in implementing and achieving its NDC under Article 4 of the Paris Agreement, in accordance with the MPGs contained in chapter III below;

(c) Each Party should provide information on climate change impacts and adaptation under Article 7 of the Paris Agreement, in accordance with the MPGs contained in chapter IV below;

(d) Developed country Parties shall provide information pursuant to Article 13, paragraph 9, in accordance with the MPGs contained in chapter V below. Other Parties that provide support should provide such information and, in doing so, are encouraged to use the MPGs contained in chapter V below;

(e) Developing country Parties should provide information on financial, technology transfer and capacity-building support needed and received under Articles 9, 10 and 11 of the Paris Agreement, in accordance with the MPGs contained in chapter VI below.

11. The LDCs and SIDS may submit the information referred to in paragraph 10 above at their discretion.

12. Notwithstanding paragraph 10 above, the national inventory report referred to in paragraph 10 above may be submitted as a stand-alone report or as a component of a biennial transparency report.

13. If a Party submits an adaptation communication as a component of or in conjunction with a biennial transparency report, it should clearly identify which part of the report is the adaptation communication.

14. When reporting information related to climate change impacts and adaptation under Article 7 of the Paris Agreement as referred to in paragraph 10(c) above, a Party may cross-reference previously reported information and focus its reporting on updates to previously reported information.

15. Each Party shall transmit its biennial transparency report, and national inventory report if submitted as a stand-alone report, via an online portal maintained by the secretariat. The secretariat shall post the reports on the UNFCCC website.

16. Each Party shall submit the reports referred to in paragraphs 10 and 12 above in one of the official languages of the United Nations.



## **II. National inventory report of anthropogenic emissions by sources and removals by sinks of greenhouse gases**

### **A. Definitions**

17. The definitions of the GHG inventory principles used shall be as provided in the Intergovernmental Panel on Climate Change (IPCC) 2006 IPCC Guidelines for National Greenhouse Gas Inventories (hereinafter referred to as the 2006 IPCC Guidelines), volume 1, chapter 1, section 1.4.

### **B. National circumstances and institutional arrangements**

18. Each Party should implement and maintain national inventory arrangements, including institutional, legal and procedural arrangements for the continued estimation, compilation and timely reporting of national inventory reports in accordance with these MPGs. National inventory arrangements can vary by Party depending on their national circumstances and preferences, and change over time.

19. Each Party shall report on the following functions related to inventory planning, preparation and management:

(a) Its national entity or national focal point with overall responsibility for the national inventory;

(b) Its inventory preparation process, including division of specific responsibilities of institutions participating in the inventory preparation to ensure that sufficient activity data collection, choice and development of methods, emission factors and other parameters are in accordance with the IPCC guidelines referred to in paragraph 20 below and these MPGs;

(c) Its archiving of all information for the reported time series, including all disaggregated emission factors and activity data, all documentation about generating and aggregating data, including QA/QC, review results and planned inventory improvements;

(d) Its processes for the official consideration and approval of the inventory.

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## C. Methods

### 1. Methodologies, parameters and data

20. Each Party shall use the 2006 IPCC Guidelines, and shall use any subsequent version or refinement of the IPCC guidelines agreed upon by the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement (CMA). Each Party is encouraged to use the 2013 Supplement to the 2006 IPCC Guidelines for National Greenhouse Gas Inventories: Wetlands.

21. Each Party shall use methods from the IPCC guidelines referred to in paragraph 20 above. Each Party should make every effort to use a recommended method (tier level) for key categories in accordance with those IPCC guidelines.

22. Each Party may use nationally appropriate methodologies if they better reflect its national circumstances and are consistent with the IPCC guidelines referred to in paragraph 20 above. In these cases, each Party shall transparently explain national methods, data and/or parameters selected.

23. A Party may be unable to adopt a higher tier method for a particular key category owing to lack of resources. In such cases, the Party may use a tier 1 approach, and shall clearly document why the methodological choice was not in line with the corresponding decision tree of the IPCC guidelines referred to in paragraph 20 above. The Party should prioritize for future improvement any key categories for which the good practice method elaborated in the IPCC guidelines referred to in paragraph 20 above cannot be used.

24. Each Party is encouraged to use country-specific and regional emission factors and activity data, where available, or to propose plans to develop them, in accordance with the good practice elaborated in the IPCC guidelines referred to in paragraph 20 above.

### 2. Key category analysis

25. Each Party shall identify key categories for the starting year and the latest reporting year referred to in chapter II.E.3 below, including and excluding land use, land-use change and forestry (LULUCF) categories, using approach 1, for both level and trend assessment, by implementing a key category analysis consistent with the IPCC guidelines referred to in paragraph 20 above; those developing country Parties that need flexibility in the light of their capacities with respect to this provision have the flexibility to instead identify key categories using a threshold no lower than 85 per cent in place of the 95 per cent threshold defined in the IPCC guidelines

referred to in paragraph 20 above, allowing a focus on improving fewer categories and prioritizing resources.

### **3. Time-series consistency and recalculations**

26. To ensure time-series consistency, each Party should use the same methods and a consistent approach to underlying activity data and emission factors for each reported year.

27. Each Party should use surrogate data, extrapolation, interpolation and other methods consistent with splicing techniques contained in the IPCC guidelines referred to in paragraph 20 above to estimate missing emission values resulting from lack of activity data, emission factors or other parameters in order to ensure a consistent time series.

28. Each Party shall perform recalculations in accordance with the IPCC guidelines referred to in paragraph 20 above, ensuring that changes in emission trends are not introduced as a result of changes in methods or assumptions across the time series.

### **4. Uncertainty assessment**

29. Each Party shall quantitatively estimate and qualitatively discuss the uncertainty of the emission and removal estimates for all source and sink categories, including inventory totals, for at least the starting year and the latest reporting year of the inventory time series referred to in paragraphs 57 and 58 below. Each Party shall also estimate the trend uncertainty of emission and removal estimates for all source and sink categories, including totals, between the starting year and the latest reporting year of the inventory time series referred to in paragraphs 57 and 58 below, using at least approach 1, as provided in the IPCC guidelines referred to in paragraph 20 above; those developing country Parties that need flexibility in the light of their capacities with respect to this provision have the flexibility to instead provide, at a minimum, a qualitative discussion of uncertainty for key categories, using the IPCC guidelines referred to in paragraph 20 above, where quantitative input data are unavailable to quantitatively estimate uncertainties, and are encouraged to provide a quantitative estimate of uncertainty for all source and sink categories of the GHG inventory.

### **5. Assessment of completeness**

30. Each Party should indicate the sources and sinks (categories, pools and gases) that are not considered in the national inventory report but for which estimation methods are included in the IPCC

guidelines referred to in paragraph 20 above and explain the reasons for such exclusion.

31. Each Party shall use notation keys where numerical data are not available when completing common reporting tables, indicating the reasons why emissions from sources and removals by sinks and associated data for specific sectors, categories and subcategories or gases are not reported. These notation keys include:

(a) “NO” (not occurring) for categories or processes, including recovery, under a particular source or sink category that do not occur within a Party;

(b) “NE” (not estimated) for activity data and/or emissions by sources and removals by sinks of GHGs that have not been estimated but for which a corresponding activity may occur within a Party;

(c) “NA” (not applicable) for activities under a given source/sink category that do occur within the Party but do not result in emissions or removals of a specific gas;

(d) “IE” (included elsewhere) for emissions by sources and removals by sinks of GHGs estimated but included elsewhere in the inventory instead of under the expected source/sink category;

(e) “C” (confidential) for emissions by sources and removals by sinks of GHGs where the reporting would involve the disclosure of confidential information.

32. Each Party may use the notation key “NE” (not estimated) when the estimates would be insignificant in terms of level according to the following considerations: emissions from a category should only be considered insignificant if the likely level of emissions is below 0.05 per cent of the national total GHG emissions, excluding LULUCF, or 500 kilotonnes of carbon dioxide equivalent (kt CO<sub>2</sub> eq), whichever is lower. The total national aggregate of estimated emissions for all gases from categories considered insignificant shall remain below 0.1 per cent of the national total GHG emissions, excluding LULUCF. Parties should use approximated activity data and default IPCC emission factors to derive a likely level of emissions for the respective category. Those developing country Parties that need flexibility in the light of their capacities with respect to this provision have the flexibility to instead consider emissions insignificant if the likely level of emissions is below 0.1 per cent of the national total GHG emissions, excluding LULUCF, or 1,000 kt CO<sub>2</sub> eq, whichever is lower. The total national aggregate of estimated emissions for all gases from categories considered

insignificant, in this case, shall remain below 0.2 per cent of the national total GHG emissions, excluding LULUCF.

33. Once emissions or removals have been estimated for a category and if they continue to occur, each Party shall report them in subsequent submissions.

## **6. Quality assurance/quality control**

34. Each Party shall elaborate an inventory quality assurance/quality control (QA/QC) plan in accordance with the IPCC guidelines referred to in paragraph 20 above, including information on the inventory agency responsible for implementing QA/QC; those developing country Parties that need flexibility in the light of their capacities with respect to this provision are instead encouraged to elaborate an inventory QA/QC plan in accordance with the IPCC guidelines referred to in paragraph 20 above, including information on the inventory agency responsible for implementing QA/QC.

35. Each Party shall implement and provide information on general inventory QC procedures in accordance with its QA/QC plan and the IPCC guidelines referred to in paragraph 20 above; those developing country Parties that need flexibility in the light of their capacities with respect to this provision are instead encouraged to implement and provide information on general inventory QC procedures in accordance with its QA/QC plan and the IPCC guidelines referred to in paragraph 20 above. In addition, Parties should apply category-specific QC procedures in accordance with the IPCC guidelines referred to in paragraph 20 above for key categories and for those individual categories in which significant methodological changes and/or data revisions have occurred. In addition, Parties should implement QA procedures by conducting a basic expert peer review of their inventories in accordance with the IPCC guidelines referred to in paragraph 20 above.

36. Each Party should compare the national estimates of CO<sub>2</sub> emissions from fuel combustion with those obtained using the reference approach, as contained in the IPCC guidelines referred to in paragraph 20 above, and report the results of this comparison in its national inventory report.

## **D. Metrics**

37. Each Party shall use the 100-year time-horizon global warming potential (GWP) values from the IPCC Fifth Assessment Report, or 100-year time-horizon GWP values from a subsequent

IPCC assessment report as agreed upon by the CMA, to report aggregate emissions and removals of GHGs, expressed in CO<sub>2</sub> eq. Each Party may in addition also use other metrics (e.g. global temperature potential) to report supplemental information on aggregate emissions and removals of GHGs, expressed in CO<sub>2</sub> eq. In such cases, the Party shall provide in the national inventory document information on the values of the metrics used and the IPCC assessment report they were sourced from.

## **E. Reporting guidance**

38. Pursuant to Article 13, paragraph 7(a), of the Paris Agreement, each Party shall provide a national inventory report of anthropogenic emissions by sources and removals by sinks of GHGs. The national inventory report consists of a national inventory document and the common reporting tables. Each Party shall report the information referred to in paragraphs 39–46 below, recognizing the associated flexibilities provided for those developing country Parties that need them in the light of their capacities.

### **1. Information on methods and cross-cutting elements**

39. Each Party shall report methods used, including the rationale for the choice of methods, in accordance with good practice elaborated in the IPCC guidelines referred to paragraph 20 above, and the descriptions, assumptions, references and sources of information used for the emission factors and activity data used to compile the GHG inventory.

40. Each Party shall provide information on the category and gas, and the methodologies, emission factors and activity data used at the most disaggregated level, to the extent possible, according to the IPCC guidelines referred to in paragraph 20 above, including related data references for reported emission and removal estimates for any country-specific category and gas that is not included in the IPCC guidelines referred to in paragraph 20 above.

41. Each Party shall describe the key categories, including information on the approach used for their identification, and information on the level of disaggregation used, in accordance with paragraph 25 above.

42. Each Party shall report the individual and cumulative percentage contributions from key categories, for both level and trend, consistent with the IPCC guidelines referred to in paragraph 20 above and the provisions referred to in paragraph 25 above.

43. Each Party shall report recalculations for the starting year referred to in paragraphs 57 and 58 below and all subsequent years of the inventory time series, together with explanatory information and justifications for recalculations with an indication of relevant changes and their impact on the emission trends, in accordance with paragraphs 26–28 above.

44. Each Party shall report the results of the uncertainty analysis as well as methods used, underlying assumptions, as applicable, and trends, at least for the starting year and the latest reporting year of the inventory time series referred to in paragraphs 57 and 58 below, in accordance with paragraph 29 above.

45. Each Party shall report information on the reasons for lack of completeness, including information on any methodological or data gaps, in accordance with paragraphs 30–33 above.

46. Each Party shall report the QA/QC plan and information on QA/QC procedures already implemented or to be implemented in the future, in accordance with paragraphs 34–36 above.

## **2. Sectors and gases**

47. Each Party shall report estimates of emissions and removals for all categories, gases and carbon pools considered in the GHG inventory throughout the reported period on a gas-by-gas basis in units of mass at the most disaggregated level, in accordance with the IPCC guidelines referred to in paragraph 20 above, using the common reporting tables, including a descriptive summary and figures underlying emission trends, with emissions by sources listed separately from removals by sinks, except in cases where it may be technically impossible to separate information on emissions and removals in the LULUCF sector, and noting that a minimum level of aggregation is needed to protect confidential business and military information.

48. Each Party shall report seven gases (CO<sub>2</sub>, methane (CH<sub>4</sub>), nitrous oxide (N<sub>2</sub>O), hydrofluorocarbons (HFCs), perfluorocarbons (PFCs), sulfur hexafluoride (SF<sub>6</sub>) and nitrogen trifluoride (NF<sub>3</sub>)); those developing country Parties that need flexibility in the light of their capacities with respect to this provision have the flexibility to instead report at least three gases (CO<sub>2</sub>, CH<sub>4</sub> and N<sub>2</sub>O) as well as any of the additional four gases (HFCs, PFCs, SF<sub>6</sub> and NF<sub>3</sub>) that are included in the Party's NDC under Article 4 of the Paris Agreement, are covered by an activity under Article 6 of the Paris Agreement, or have been previously reported.

49. Each Party reporting HFCs, PFCs, SF<sub>6</sub> and NF<sub>3</sub> shall report actual emissions of the gases, providing disaggregated data by chemical (e.g. HFC-134a) and category in units of mass and in CO<sub>2</sub> eq.

50. Each Party shall report the following sectors: energy, industrial processes and product use, agriculture, LULUCF and waste, according to the IPCC guidelines referred to in paragraph 20 above.

51. Each Party should provide information on the following precursor gases: carbon monoxide (CO), nitrogen oxides and non-methane volatile organic compounds (NMVOCs), as well as sulfur oxides.

52. Each Party may report indirect CO<sub>2</sub> from the atmospheric oxidation of CH<sub>4</sub>, CO and NMVOCs. For Parties that decide to report indirect CO<sub>2</sub>, the national totals shall be presented with and without indirect CO<sub>2</sub>. Each Party should report indirect N<sub>2</sub>O emissions from sources other than those in the agriculture and LULUCF sectors as a memo item. Those estimates of indirect N<sub>2</sub>O shall not be included in national totals. Parties may provide information on other substances that have an impact on climate.

53. Each Party should report international aviation and marine bunker fuel emissions as two separate entries and should not include such emissions in national totals but report them distinctly, if disaggregated data are available, making every effort to both apply and report according to the method contained in the IPCC guidelines referred to in paragraph 20 above for separating domestic and international emissions.

54. Each Party should clearly indicate how feedstocks and non-energy use of fuels have been accounted for in the inventory, under the energy or industrial processes sector, in accordance with the IPCC guidelines referred to in paragraph 20 above.

55. In the case of a Party addressing the emissions and subsequent removals from natural disturbances on managed lands in its national GHG inventory, that Party shall report information on the approach taken, and how it is consistent with IPCC guidance, as appropriate, and shall indicate if the estimates are indicated in national totals.

56. In the case of a Party using an approach to reporting emissions and removals from harvested wood products in accordance with IPCC guidance other than the production approach, that Party shall also provide supplementary information on emissions and



removals from harvested wood products estimated using the production approach.

### **3. Time series**

57. Each Party shall report a consistent annual time series starting from 1990; those developing country Parties that need flexibility in the light of their capacities with respect to this provision have the flexibility to instead report data covering, at a minimum, the reference year/period for its NDC under Article 4 of the Paris Agreement and, in addition, a consistent annual time series from at least 2020 onwards.

58. For each Party, the latest reporting year shall be no more than two years prior to the submission of its national inventory report; those developing country Parties that need flexibility in the light of their capacities with respect to this provision have the flexibility to instead have their latest reporting year as three years prior to the submission of their national inventory report.

## **III. Information necessary to track progress made in implementing and achieving nationally determined contributions under Article 4 of the Paris Agreement**

### **A. National circumstances and institutional arrangements**

59. Each Party shall describe its national circumstances relevant to progress made in implementing and achieving its NDC under Article 4 of the Paris Agreement, including:

- (a) Government structure;
- (b) Population profile;
- (c) Geographical profile;
- (d) Economic profile;
- (e) Climate profile;
- (f) Sector details.

60. Each Party shall provide information on how its national circumstances affect GHG emissions and removals over time.

61. Each Party shall provide information on the institutional arrangements in place to track progress made in implementing and achieving its NDC under Article 4, including those used for tracking internationally transferred mitigation outcomes, if applicable, along with any changes in institutional arrangements since its most recent biennial transparency report.

62. Each Party shall provide information on legal, institutional, administrative and procedural arrangements for domestic implementation, monitoring, reporting, archiving of information and stakeholder engagement related to the implementation and achievement of its NDC under Article 4.

63. In reporting the information referred to in paragraphs 59–62 above, a Party may reference previously reported information.

## **B. Description of a Party's nationally determined contribution under Article 4 of the Paris Agreement, including updates**

64. Each Party shall provide a description of its NDC under Article 4, against which progress will be tracked. The information provided shall include the following, as applicable, including any updates to information previously provided:

(a) Target(s) and description, including target type(s) (e.g. economy-wide absolute emission reduction, emission intensity reduction, emission reduction below a projected baseline, mitigation co-benefits of adaptation actions or economic diversification plans, policies and measures, and other);

(b) Target year(s) or period(s), and whether they are single-year or multi-year target(s);

(c) Reference point(s), level(s), baseline(s), base year(s) or starting point(s), and their respective value(s);

(d) Time frame(s) and/or periods for implementation;

(e) Scope and coverage, including, as relevant, sectors, categories, activities, sources and sinks, pools and gases;

(f) Intention to use cooperative approaches that involve the use of internationally transferred mitigation outcomes under Article 6 towards NDCs under Article 4 of the Paris Agreement;

(g) Any updates or clarifications of previously reported information (e.g. recalculation of previously reported inventory data, or greater detail on methodologies or use of cooperative approaches).

### **C. Information necessary to track progress made in implementing and achieving its nationally determined contribution under Article 4 of the Paris Agreement**

65. Each Party shall identify the indicator(s) that it has selected to track progress towards the implementation and achievement of its NDC under Article 4. Indicators shall be relevant to a Party's NDC under Article 4, and may be either qualitative or quantitative.

66. These indicators could include, as appropriate, for example: net GHG emissions and removals, percentage reduction of GHG intensity, relevant qualitative indicators for a specific policy or measure, mitigation co-benefits of adaptation actions and/or economic diversification plans or other (e.g. hectares of reforestation, percentage of renewable energy use or production, carbon neutrality, share of non-fossil fuel in primary energy consumption and non-GHG related indicators).

67. Each Party shall provide the information for each selected indicator for the reference point(s), level(s), baseline(s), base year(s) or starting point(s), and shall update the information in accordance with any recalculation of the GHG inventory, as appropriate.

68. Each Party shall provide the most recent information for each selected indicator identified in paragraph 65 above for each reporting year during the implementation period of its NDC under Article 4.

69. Each Party shall compare the most recent information for each selected indicator with the information provided pursuant to paragraph 67 above to track progress made in implementing its NDC under Article 4.

70. For the first biennial transparency report that contains information on the end year or end of the period of its NDC under Article 4, each Party shall provide an assessment of whether it has achieved the target(s) for its NDC under Article 4 based on the relevant information described in paragraphs 59–69 above and paragraph 78 below, as applicable, and the most recent information for each selected indicator relevant to tracking progress towards the implementation and achievement of its NDC under Article 4.

71. For the first NDC under Article 4, each Party shall clearly indicate and report its accounting approach, including how it is

consistent with Article 4, paragraphs 13 and 14, of the Paris Agreement. Each Party may choose to provide information on accounting of its first NDC consistent with decision 4/CMA.1.

72. For the second and subsequent NDC under Article 4, each Party shall provide information referred to in chapter III.B and C above consistent with decision 4/CMA.1. Each Party shall clearly indicate how its reporting is consistent with decision 4/CMA.1.

73. Each Party shall provide any definitions needed to understand its NDC under Article 4, including those related to each indicator identified in paragraph 65 above, those related to any sectors or categories defined differently than in the national inventory report, or the mitigation co-benefits of adaptation actions and/or economic diversification plans.

74. Each Party shall provide a description of each methodology and/or accounting approach used, as applicable for:

- (a) Target(s), as described in paragraph 64 above;
- (b) The construction of baselines, as described in paragraph 64 above, to the extent possible;
- (c) Each indicator identified in paragraph 65 above.

75. The information referred to in paragraph 74 above shall include, as available and applicable to the Party's NDC under Article 4:

- (a) Key parameters, assumptions, definitions, data sources and models used;
- (b) IPCC guidelines used;
- (c) Metrics used;
- (d) Where applicable to its NDC, any sector-, category- or activity-specific assumptions, methodologies and approaches consistent with IPCC guidance, taking into account any relevant decision under the Convention, including as applicable:
  - (i) The approach used to address emissions and subsequent removals from natural disturbances on managed lands;
  - (ii) The approach used to account for emissions and removals from harvested wood products;
  - (iii) The approach used to address the effects of age-class structure in forests;

(e) Methodologies used to estimate mitigation co-benefits of adaptation actions and/or economic diversification plans;

(f) Methodologies associated with any cooperative approaches that involve the use of internationally transferred mitigation outcomes towards its NDC under Article 4, consistent with guidance developed related to Article 6;

(g) Methodologies used to track progress arising from the implementation of policies and measures;

(h) Any other methodologies related to its NDC under Article 4;

(i) Any conditions and assumptions relevant to the achievement of its NDC under Article 4.

76. Each Party shall also:

(a) Describe, for each indicator identified in paragraph 65 above, how it is related to its NDC under Article 4;

(b) Explain how the methodology in each reporting year is consistent with the methodology or methodologies used when communicating the NDC;

(c) Explain methodological inconsistencies with its most recent national inventory report, if applicable;

(d) Describe how double counting of net GHG emission reductions has been avoided, including in accordance with guidance developed in relation to Article 6, if relevant.

77. Each Party shall provide the information referred to in paragraphs 65–76 above in a structured summary to track progress made in implementing and achieving its NDC under Article 4, including:

(a) For each selected indicator:

(i) Information for the reference point(s), level(s), baseline(s), base year(s), or starting point(s) referred to in paragraph 67 above;

(ii) Information for previous reporting years during the implementation period of its NDC under Article 4, identified in paragraph 68 above, as applicable;

(iii) The most recent information identified in paragraph 68 above;

(b) Where applicable, information on GHG emissions and removals consistent with the coverage of its NDC under Article 4;

(c) Contribution from the LULUCF sector for each year of the target period or target year, if not included in the inventory time series of total net GHG emissions and removals, as applicable;

(d) Each Party that participates in cooperative approaches that involve the use of internationally transferred mitigation outcomes towards its NDC under Article 4, or authorizes the use of mitigation outcomes for international mitigation purposes other than achievement of its NDC, shall also provide the following information in the structured summary:

(i) The annual level of anthropogenic emissions by sources and removals by sinks covered by the NDC on an annual basis reported biennially;

(ii) An emissions balance reflecting the level of anthropogenic emissions by sources and removals by sinks covered by its NDC adjusted on the basis of corresponding adjustments undertaken by effecting an addition for internationally transferred mitigation outcomes first-transferred/transferred and a subtraction for internationally transferred mitigation outcomes used/acquired, consistent with guidance developed related to Article 6;

(iii) Any other information consistent with guidance developed related to Article 6, if relevant;

(iv) Information on how each cooperative approach promotes sustainable development; ensures environmental integrity and transparency, including in governance; and applies robust accounting to ensure, inter alia, the avoidance of double counting, consistent with guidance developed related to Article 6.

78. Each Party with an NDC under Article 4 that consists of adaptation actions and/or economic diversification plans resulting in mitigation co-benefits consistent with Article 4, paragraph 7, of the Paris Agreement shall provide the information necessary to track progress on the implementation and achievement of the domestic policies and measures implemented to address the social and economic consequences of response measures, including:

(a) Sectors and activities associated with the response measures;

(b) Social and economic consequences of the response measures;

(c) Challenges in and barriers to addressing the consequences;

(d) Actions to address the consequences.

79. Each Party shall report the information referred to in paragraphs 65–78 above in a narrative and common tabular format, as applicable. Such common tabular formats should accommodate all types of NDC under Article 4, as appropriate.

#### **D. Mitigation policies and measures, actions and plans, including those with mitigation co-benefits resulting from adaptation actions and economic diversification plans, related to implementing and achieving a nationally determined contribution under Article 4 of the Paris Agreement**

80. Each Party shall provide information on actions, policies and measures that support the implementation and achievement of its NDC under Article 4 of the Paris Agreement, focusing on those that have the most significant impact on GHG emissions or removals and those impacting key categories in the national GHG inventory. This information shall be presented in narrative and tabular format.

81. To the extent possible, Parties shall organize the reporting of actions by sector (energy, transport, industrial processes and product use, agriculture, LULUCF, waste management and other).

82. Each Party shall provide the following information on its actions, policies and measures, to the extent possible, in tabular format:

- (a) Name;
- (b) Description;
- (c) Objectives;
- (d) Type of instrument (regulatory, economic instrument or other);
- (e) Status (planned, adopted or implemented);
- (f) Sector(s) affected (energy, transport, industrial processes and product use, agriculture, LULUCF, waste management or other);
- (g) Gases affected;

- (h) Start year of implementation;
- (i) Implementing entity or entities.

83. Each Party may also provide the following information for each action, policy and measure reported:

- (a) Costs;
- (b) Non-GHG mitigation benefits;
- (c) How the mitigation actions as identified in paragraph 80 above interact with each other, as appropriate.

84. For each Party with an NDC under Article 4 of the Paris Agreement that consists of mitigation co-benefits resulting from Parties' adaptation actions and/or economic diversification plans consistent with Article 4, paragraph 7, information to be reported under paragraphs 80, 82 and 83 above includes relevant information on policies and measures contributing to mitigation co-benefits resulting from adaptation actions or economic diversification plans.

85. Each Party shall provide, to the extent possible, estimates of expected and achieved GHG emission reductions for its actions, policies and measures in the tabular format referred to in paragraph 82 above; those developing country Parties that need flexibility in the light of their capacities with respect to this provision are instead encouraged to report such information.

86. Each Party shall describe the methodologies and assumptions used to estimate the GHG emission reductions or removals due to each action, policy and measure, to the extent available. This information may be presented in an annex to its biennial transparency report.

87. Each Party should identify those actions, policies and measures that are no longer in place compared with the most recent biennial transparency report, and explain why they are no longer in place.

88. Each Party should identify its actions, policies and measures that influence GHG emissions from international transport.

89. Each Party should, to the extent possible, provide information about how its actions, policies and measures are modifying longer-term trends in GHG emissions and removals.

90. Each Party is encouraged to provide detailed information, to the extent possible, on the assessment of economic and social impacts of response measures.



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## **E. Summary of greenhouse gas emissions and removals**

91. Each Party that submits a stand-alone national inventory report shall provide a summary of its GHG emissions and removals. This information shall be provided for the reporting years corresponding to the Party's most recent national inventory report, in tabular format.

## **F. Projections of greenhouse gas emissions and removals, as applicable**

92. Each Party shall report projections pursuant to paragraphs 93–101 below; those developing country Parties that need flexibility in the light of their capacities are instead encouraged to report such projections.

93. Projections are indicative of the impact of mitigation policies and measures on future trends in GHG emissions and removals, and shall not be used to assess progress towards the implementation and achievement of a Party's NDC under Article 4 of the Paris Agreement unless the Party has identified a reported projection as its baseline as identified in chapter III.B above.

94. Each Party that reports pursuant to paragraph 92 above shall report 'with measures' projections of all GHG emissions and removals and may report 'with additional measures' projections and 'without measures' projections.

95. Projections shall begin from the most recent year in the Party's national inventory report and extend at least 15 years beyond the next year ending in zero or five; those developing country Parties that need flexibility in the light of their capacities with respect to this provision have the flexibility to instead extend their projections at least to the end point of their NDC under Article 4 of the Paris Agreement.

96. Information provided by each Party in describing the methodology used to develop the projections should include the following:

(a) Models and/or approaches used and key underlying assumptions and parameters used for projections (e.g. gross domestic product growth rate/level, population growth rate/level);

(b) Changes in the methodology since the Party's most recent biennial transparency report;

(c) Assumptions on policies and measures included in the ‘with measures’ projections and ‘with additional measures’ projections, if included;

(d) Sensitivity analysis for any of the projections, together with a brief explanation of the methodologies and parameters used.

97. Each Party shall also provide projections of key indicators to determine progress towards its NDC under Article 4 of the Paris Agreement.

98. Each Party shall include projections on a sectoral basis and by gas, as well as for the national total, using a common metric consistent with that in its national inventory report.

99. Projections shall be presented relative to actual inventory data for the preceding years.

100. Emission projections shall be provided with and without LULUCF.

101. Projections shall be presented in graphical and tabular formats.

102. Those developing country Parties that need flexibility in the light of their capacities with respect to paragraphs 93–101 above can instead report using a less detailed methodology or coverage.

## **G. Other information**

103. Each Party may provide any other information relevant to tracking progress made in implementing and achieving its NDC under Article 4 of the Paris Agreement.

## **IV. Information related to climate change impacts and adaptation under Article 7 of the Paris Agreement**

104. Each Party should provide information related to climate change impacts and adaptation under Article 7 of the Paris Agreement, as appropriate. Providing such information is not mandatory.

105. The information referred to below could facilitate, inter alia, recognition of the adaptation efforts of developing country Parties.

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**A. National circumstances, institutional arrangements and legal frameworks**

106. Each Party should provide the following information, as appropriate:

(a) National circumstances relevant to its adaptation actions, including biogeophysical characteristics, demographics, economy, infrastructure and information on adaptive capacity;

(b) Institutional arrangements and governance, including for assessing impacts, addressing climate change at the sectoral level, decision-making, planning, coordination, addressing cross-cutting issues, adjusting priorities and activities, consultation, participation, implementation, data governance, monitoring and evaluation, and reporting;

(c) Legal and policy frameworks and regulations.

**B. Impacts, risks and vulnerabilities**

107. Each Party should provide the following information, as appropriate:

(a) Current and projected climate trends and hazards;

(b) Observed and potential impacts of climate change, including sectoral, economic, social and/or environmental vulnerabilities;

(c) Approaches, methodologies and tools, and associated uncertainties and challenges, in relation to paragraph 107(a) and (b) above.

**C. Adaptation priorities and barriers**

108. Each Party should provide the following information, as appropriate:

(a) Domestic priorities and progress towards those priorities;

(b) Adaptation challenges and gaps, and barriers to adaptation.

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## **D. Adaptation strategies, policies, plans, goals and actions to integrate adaptation into national policies and strategies**

109. Each Party should provide the following information, as appropriate:

(a) Implementation of adaptation actions in accordance with the global goal on adaptation as set out in Article 7, paragraph 1, of the Paris Agreement;

(b) Adaptation goals, actions, objectives, undertakings, efforts, plans (e.g. national adaptation plans and subnational plans), strategies, policies, priorities (e.g. priority sectors, priority regions or integrated plans for coastal management, water and agriculture), programmes and efforts to build resilience;

(c) How best available science, gender perspectives and indigenous, traditional and local knowledge are integrated into adaptation;

(d) Development priorities related to climate change adaptation and impacts;

(e) Any adaptation actions and/or economic diversification plans leading to mitigation co-benefits;

(f) Efforts to integrate climate change into development efforts, plans, policies and programming, including related capacity-building activities;

(g) Nature-based solutions to climate change adaptation;

(h) Stakeholder involvement, including subnational, community-level and private sector plans, priorities, actions and programmes.

## **E. Progress on implementation of adaptation**

110. Each Party should provide the following information, as appropriate, on progress on:

(a) Implementation of the actions identified in chapter IV.D above;

(b) Steps taken to formulate, implement, publish and update national and regional programmes, strategies and measures, policy frameworks (e.g. national adaptation plans) and other relevant information;

(c) Implementation of adaptation actions identified in current and past adaptation communications, including efforts towards meeting adaptation needs, as appropriate;

(d) Implementation of adaptation actions identified in the adaptation component of NDCs, as applicable;

(e) Coordination activities and changes in regulations, policies and planning.

111. Developing country Parties may also include information on, as appropriate, implementation of supported adaptation actions, and the effectiveness of already implemented adaptation measures.

## **F. Monitoring and evaluation of adaptation actions and processes**

112. In order to enhance their adaptation actions and to facilitate reporting, as appropriate, each Party should report on the establishment or use of domestic systems to monitor and evaluate the implementation of adaptation actions. Parties should report on approaches and systems for monitoring and evaluation, including those in place or under development.

113. Each Party should provide the following information, as appropriate, related to monitoring and evaluation:

(a) Achievements, impacts, resilience, review, effectiveness and results;

(b) Approaches and systems used, and their outputs;

(c) Assessment of and indicators for:

(i) How adaptation increased resilience and reduced impacts;

(ii) When adaptation is not sufficient to avert impacts;

(iii) How effective implemented adaptation measures are;

(d) Implementation, in particular on:

(i) Transparency of planning and implementation;

(ii) How support programmes meet specific vulnerability and adaptation needs;

(iii) How adaptation actions influence other development goals;

(iv) Good practices, experience and lessons learned from policy and regulatory changes, actions and coordination mechanisms.

114. Each Party should provide information related to the effectiveness and sustainability of adaptation actions, as appropriate, including on:

(a) Ownership, stakeholder engagement, alignment of adaptation actions with national and subnational policies, and replicability;

(b) The results of adaptation actions and the sustainability of those results.

## **G. Information related to averting, minimizing and addressing loss and damage associated with climate change impacts**

115. Each interested Party may provide, as appropriate, information related to enhancing understanding, action and support, on a cooperative and facilitative basis, to avert, minimize and address loss and damage associated with climate change impacts, taking into account projected changes in climate-related risks, vulnerabilities, adaptive capacities and exposure, including, as appropriate, on:

(a) Observed and potential climate change impacts, including those related to extreme weather events and slow onset events, drawing on the best available science;

(b) Activities related to averting, minimizing and addressing loss and damage associated with the adverse effects of climate change;

(c) Institutional arrangements to facilitate the implementation of the activities referred to in paragraph 115(b) above.

## **H. Cooperation, good practices, experience and lessons learned**

116. Each Party should provide the following information, as appropriate, related to cooperation, good practices, experience and lessons learned:

(a) Efforts to share information, good practices, experience and lessons learned, including as they relate to:

- 
- (i) Science, planning and policies relevant to adaptation;
  - (ii) Policy innovation and pilot and demonstration projects;
  - (iii) Integration of adaptation actions into planning at different levels;
  - (iv) Cooperation to share information and to strengthen science, institutions and adaptation;
  - (v) Area, scale and types of cooperation and good practices;
  - (vi) Improving durability and effectiveness of adaptation actions;
  - (vii) Helping developing countries to identify effective adaptation practices, needs, priorities, and challenges and gaps in a way that is consistent with encouraging good practices;
- (b) Strengthening scientific research and knowledge related to:
- (i) Climate, including research and systematic observation and early warning systems, to inform climate services and decision-making;
  - (ii) Vulnerability and adaptation;
  - (iii) Monitoring and evaluation.

## **I. Any other information related to climate change impacts and adaptation under Article 7 of the Paris Agreement**

117. Each Party may provide, as appropriate, any other information related to climate change impacts and adaptation under Article 7.

## **V. Information on financial, technology development and transfer and capacity-building support provided and mobilized under Articles 9–11 of the Paris Agreement**

118. Developed country Parties shall provide information pursuant to Article 13, paragraph 9, of the Paris Agreement in accordance

with the MPGs contained in this chapter. Other Parties that provide support should provide such information and, in doing so, are encouraged to use the MPGs contained in this chapter.

## **A. National circumstances and institutional arrangements**

119. Information on national circumstances and institutional arrangements relevant to reporting on the provision and mobilization of support, including:

- (a) Description of the systems and processes used to identify, track and report on support provided and mobilized through public interventions;
- (b) Description of challenges and limitations;
- (c) Information on experience and good practices in relation to public policy and regulatory frameworks to incentivize further private climate financing and investment;
- (d) Efforts taken to enhance comparability and accuracy of information reported on financial support provided and mobilized through public interventions, such as through use of international standards or harmonization with other countries, institutions and international systems.

120. Information, if available, on national circumstances and institutional arrangements for the provision of technology development and transfer and capacity-building support.

## **B. Underlying assumptions, definitions and methodologies**

121. In order to enhance the transparency of reporting, a description of the underlying assumptions, methodologies and definitions, as applicable, used to identify and/or report, including:

- (a) The chosen reporting year (calendar year, fiscal year);
- (b) The conversion between domestic currency and United States dollars;
- (c) The status (committed, disbursed);
- (d) The channel (bilateral, regional, multi-bilateral, multilateral);



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- (a) The funding source (official development assistance (ODA), other official flows (OOF), other);
  - (b) The financial instrument (e.g. grant, concessional loan, non-concessional loan, equity, guarantee, insurance, other (specify));
  - (c) Information on instruments and funding sources reported, including how a Party has determined finance to be concessional and/or ODA, including by using information such as grant equivalency, institution and/or instrument-based approaches;
  - (d) The type of support (e.g. adaptation, mitigation, cross-cutting);
  - (e) The sector;
  - (f) The subsector;
  - (g) Whether it supported capacity-building and/or technology development and transfer objectives;
  - (h) The support as being climate-specific;
  - (i) Information on the efforts taken to avoid double counting, including on:
    - (i) How double counting among multiple Parties involved in the provision of support was avoided;
    - (ii) How double counting among multiple Parties involved in the mobilization of private finance through public interventions was avoided, including the methodologies and assumptions used to attribute the mobilized resources through public interventions reported to the Party that reports them, if possible relative to the type of instrument used for the mobilization;
    - (iii) How double counting was avoided between the resources reported as provided or mobilized, and the resources used under Article 6 of the Paris Agreement by the acquiring Party for use towards the achievement of its NDC;
    - (iv) How support is attributed between multiple recipient countries, in cases where a project involves multiple recipient countries and where this information is reported on a country-by-country basis;
  - (j) The definition of public and private finance, in particular where entities or funds are mixed;
  - (k) How private finance was assessed as mobilized through public interventions, including by:

- 
- (i) Identifying a clear causal link between a public intervention and mobilized private finance, where the activity would not have moved forward, or moved forward at scale, in the absence of the Party's intervention;
  - (ii) Providing information on the point of measurement (e.g. point of commitment, point of disbursement) of the private finance mobilized as a result of the public intervention, to the extent possible in relation to the type of instrument or mechanism used for the mobilization;
  - (iii) Providing information on the boundaries used to identify finance mobilized through public intervention;
- (l) How it seeks to ensure that support provided and mobilized through public interventions effectively addresses the needs and priorities of developing country Parties for the implementation of the Paris Agreement, as identified in country-driven strategies and instruments, such as biennial transparency reports, NDCs and national adaptation plans;
- (m) How it seeks to ensure that support provided and mobilized through public interventions is in line with the long-term goals of the Paris Agreement;
- (n) An indication of what new and additional financial resources have been provided, and how it has been determined that such resources are new and additional;
- (o) How the information provided reflects a progression from previous levels in the provision and mobilization of finance under the Paris Agreement;
- (p) Information on reporting on multilateral finance, including:
- (i) Whether the multilateral finance reported is based on the Party's inflow contribution to a multilateral institution and/or on the Party's share in the outflow of the multilateral institution;
  - (ii) Whether and how multilateral finance has been reported as climate-specific and how the climate-specific share was calculated, including by, for example, using existing international standards;
  - (iii) Whether multilateral finance has been reported as core/general, with the understanding that the actual climate finance amount it would transfer into depends on the programming choices of the multilateral institutions;

(iv) Whether and how multilateral finance has been attributed to the reporting Party.

122. A description of the underlying assumptions, definitions and methodologies used to provide information on technology development and transfer and capacity-building support.

## **C. Information on financial support provided and mobilized under Article 9 of the Paris Agreement**

### **1. Bilateral, regional and other channels**

123. Relevant information, in a tabular format, for the previous two reporting years without overlapping with the previous reporting periods, on bilateral and regional financial support provided, specifying:

- (a) Year (calendar year, fiscal year);
- (b) Amount (in United States dollars and domestic currency) (the face value and, on a voluntary basis, the grant-equivalent value);
- (c) Recipient, including, to the extent possible, information on the recipient region or country and the title of the project, programme, activity or other (specify);
- (d) Status (disbursed, committed);
- (e) Channel (bilateral, regional, multi-bilateral, other (specify));
- (f) Funding source (ODA, OOF, other (specify));
- (g) Financial instrument (e.g. grant, concessional loan, non-concessional loan, equity, guarantee, insurance, other (specify));
- (h) The type of support (e.g. adaptation, mitigation or cross-cutting);
- (i) Sector (e.g. energy, transport, industry, agriculture, forestry, water and sanitation, cross-cutting, other (specify));
- (j) Subsector, as available;
- (k) Additional information, as available (such as project/programme details, implementing agency and, to the extent possible, link to relevant project/programme documentation);
- (l) Whether it contributes to capacity-building and/or technology development and transfer objectives, as available.

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## 2. Multilateral channels

124. Relevant information, in a tabular format, for the previous two reporting years without overlapping with the previous reporting periods, on financial support provided through multilateral channels, specifying:

- (a) Year (calendar year, fiscal year);
- (b) Institution (e.g. multilateral fund, the operating entities of the Financial Mechanism, entities of the Technology Mechanism, multilateral financial institution, international organization, other (specify));
- (c) Amount (in United States dollars and domestic currency) (the face value and, on a voluntary basis, the grant-equivalent value);
- (d) Core-general or climate-specific, as applicable;
- (e) Inflows and/or outflows, as applicable;
- (f) Recipient (e.g. country, region, global, project, programme, activity, other (specify)), as applicable, as available;
- (g) Status (disbursed, committed);
- (h) Channel (multilateral, multi-bilateral);
- (i) Funding source (ODA, OOF, other (specify));
- (j) Financial instrument (e.g. grant, concessional loan, non-concessional loan, equity, guarantee, insurance, other (specify));
- (k) The type of support (e.g. adaptation, mitigation or cross-cutting), as available;
- (l) Sector (e.g. energy, transport, industry, agriculture, forestry, water and sanitation, cross-cutting, other (specify)), as available;
- (m) Subsector, as available;
- (n) Whether it contributes to capacity-building and/or technology development and transfer objectives, as applicable, as available.

### **3. Information on finance mobilized through public interventions**

125. Relevant information, in textual and/or tabular format, for the previous two reporting years without overlapping with the previous reporting periods, on financial support mobilized through public interventions through bilateral, regional and multilateral channels, including the operating entities of the Financial Mechanism and entities of the Technology Mechanism, as applicable and to the extent possible:

- (a) Year (calendar year, fiscal year);
- (b) Amount (in United States dollars and domestic currency) (the face value and, on a voluntary basis, the grant-equivalent value, if applicable);
- (c) Amount of resources used to mobilize the support (in United States dollars and domestic currency);
- (d) Type of public intervention used (e.g. grant, concessional loan, non-concessional loan, equity, guarantee, insurance, policy intervention, capacity-building, technology development and transfer, technical assistance);
- (e) Recipient (country, region, global, project, programme, activity, other (specify));
- (f) Channel (bilateral, regional, multilateral);
- (g) The type of support (e.g. adaptation, mitigation or cross-cutting);
- (h) Sector (e.g. energy, transport, industry, agriculture, forestry, water and sanitation, cross-cutting, other (specify));
- (i) Subsector;
- (j) Additional information.

### **D. Information on support for technology development and transfer provided under Article 10 of the Paris Agreement**

126. Information, in textual format, on support for technology development and transfer provided under Article 10 of the Paris Agreement, including, to the extent possible, qualitative and/or quantitative information on:

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- (a) Strategies employed to support technology development and transfer, including case studies;
  - (b) Support provided at different stages of the technology cycle;
  - (c) Support for the development and enhancement of endogenous capacities and technologies of developing country Parties;
  - (d) Efforts to encourage private sector activities related to technology development and transfer and how such efforts support developing country Parties;
  - (e) Efforts to accelerate, encourage and enable innovation, including research, development and deployment efforts, and collaborative approaches to research and development;
  - (f) Knowledge generated.

127. Quantitative and/or qualitative information in a common tabular format on measures or activities related to support for technology development and transfer implemented or planned since their previous report, including, to the extent possible and as relevant:

- (a) Title;
- (b) Recipient entity;
- (c) Description and objectives;
- (d) Type of support (mitigation, adaptation or cross-cutting);
- (e) Sector;
- (f) Type of technology;
- (g) Status of measure or activity;
- (h) Whether the activity was undertaken by the public and/or private sector.

## **E. Information on capacity-building support provided under Article 11 of the Paris Agreement**

128. Information, in textual format, on capacity-building support provided under Article 11 of the Paris Agreement, including, to the extent possible, qualitative and/or quantitative information on:

(a) Strategies employed to provide capacity-building support, including case studies;

(b) How capacity-building support that was provided responds to the existing and emerging capacity-building needs, priorities and gaps identified by developing country Parties in the areas of mitigation, adaptation, and technology development and transfer;

(c) Policies that promote capacity-building support;

(d) Involvement of stakeholders;

(e) How support for capacity-building actions in developing country Parties that was provided promotes the sharing of lessons learned and best practices.

129. Quantitative and/or qualitative information in a common tabular format on measures or activities related to capacity-building support implemented or planned since their previous report, including, to the extent possible and as relevant:

(a) Title;

(b) Recipient entity;

(c) Description and objectives;

(d) Type of support (mitigation, adaptation or cross-cutting);

(e) Status of measure or activity.

## **VI. Information on financial, technology development and transfer and capacity-building support needed and received under Articles 9–11 of the Paris Agreement**

### **A. National circumstances, institutional arrangements and country-driven strategies**

130. Developing country Parties should provide information on national circumstances and institutional arrangements relevant to reporting on support needed and received, including:

(a) A description of the systems and processes used to identify, track and report support needed and received, including a description of the challenges and limitations;

(b) Information on country priorities and strategies and on any aspects of the Party's NDC under Article 4 of the Paris Agreement that need support.

## **B. Underlying assumptions, definitions and methodologies**

131. In reporting information on support needed and received, developing country Parties should describe the underlying assumptions, definitions and methodologies used to provide information on support needed and received, including, as applicable, those used to:

- (a) Convert domestic currency into United States dollars;
- (b) Estimate the amount of support needed;
- (c) Determine the reporting year or time frame;
- (d) Identify support as coming from specific sources;
- (e) Determine support as committed, received or needed;
- (f) Identify and report the status of the supported activity (planned, ongoing or completed);
- (g) Identify and report the channel (bilateral, regional or multilateral);
- (h) Identify and report the type of support (mitigation, adaptation or cross-cutting);
- (i) Identify and report the financial instrument (grant, concessional loan, non-concessional loan, equity, guarantee or other);
- (j) Identify and report sectors and subsectors;
- (k) Report on the use, impact and estimated results of the support needed and received;
- (l) Identify and report support as contributing to technology development and transfer and capacity-building;
- (m) Avoid double counting in reporting information on support needed and received for the implementation of Article 13 of the Paris Agreement and transparency-related activities, including for transparency-related capacity-building, when reporting such information separately from other information on support needed and received.



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## **C. Information on financial support needed by developing country Parties under Article 9 of the Paris Agreement**

132. Developing country Parties should provide information on financial support needed under Article 9 of the Paris Agreement in textual format, including, to the extent possible and as available and as applicable:

(a) Sectors for which the Party wishes to attract international finance, including existing barriers to attracting international finance;

(b) Description of how the support will contribute to its NDC and to the long-term goals of the Paris Agreement.

133. Developing country Parties should provide, in a common tabular format, information on financial support needed, including the following, to the extent possible, and as available and as applicable:

(a) Title (of activity, programme or project);

(b) Programme/project description;

(c) Estimated amount (in domestic currency and in United States dollars);

(d) Expected time frame;

(e) Expected financial instrument (grant, concessional loan, non-concessional loan, equity, guarantee or other);

(f) Type of support (mitigation, adaptation or cross-cutting);

(g) Sector and subsector;

(h) Whether the activity will contribute to technology development and transfer and/or capacity-building, if relevant;

(i) Whether the activity is anchored in a national strategy and/or an NDC;

(j) Expected use, impact and estimated results.

## **D. Information on financial support received by developing country Parties under Article 9 of the Paris Agreement**

134. Developing country Parties should provide, in a common tabular format, information on financial support received, including, to the extent possible, and as available and as applicable:

- (a) Title (of activity, programme or project);
- (b) Programme/project description;
- (c) Channel;
- (d) Recipient entity;
- (e) Implementing entity;
- (f) Amount received (in domestic currency and in United States dollars);
- (g) Time frame;
- (h) Financial instrument (grant, concessional loan, non-concessional loan, equity, guarantee or other);
- (i) Status (committed or received);
- (j) Sector and subsector;
- (k) Type of support (mitigation, adaptation or cross-cutting);
- (l) Whether the activity has contributed to technology development and transfer and/or capacity-building;
- (m) Status of activity (planned, ongoing or completed);
- (n) Use, impact and estimated results.

E. Information on technology development and transfer support needed by developing country Parties under Article 10 of the Paris Agreement

135. Developing country Parties should provide, in textual format, information on technology development and transfer support needed under Article 10 of the Paris Agreement, including on, to the extent possible, and as available and as applicable:

- (a) Plans, needs and priorities related to technology development and transfer, including those identified in technology needs assessments, where applicable;

(b) Technology development and transfer related needs for the enhancement of endogenous capacities and technologies.

136. Developing country Parties should provide, in a common tabular format, information on technology development and transfer support needed, including, to the extent possible and as available and as applicable:

- (a) Title (of activity, programme or project);
- (b) Programme/project description;
- (c) Type of support (mitigation, adaptation or cross-cutting);
- (d) Type of technology;
- (e) Expected time frame;
- (f) Sector;
- (g) Expected use, impact and estimated results.

F. Information on technology development and transfer support received by developing country Parties under Article 10 of the Paris Agreement

137. Developing country Parties should provide, in textual format, information on technology development and transfer support received under Article 10 of the Paris Agreement, including on, to the extent possible, and as available and as applicable:

- (a) Case studies, including key success and failure stories;
- (b) How the support contributes to technology development and transfer, endogenous capacities and know-how;
- (c) The stage of the technology cycle supported, including research and development, demonstration, deployment, diffusion and transfer of technology.

138. Developing country Parties should provide, in a common tabular format, information on technology development and transfer support received, including on, to the extent possible, and as available and as applicable:

- (a) Title (of activity, programme or project);
- (b) Programme/project description;
- (c) Type of technology;
- (d) Time frame;

- (e) Recipient entity;
- (f) Implementing entity;
- (g) Type of support (mitigation, adaptation or cross-cutting);
- (h) Sector;
- (i) Status of activity (planned, ongoing or completed);
- (j) Use, impact and estimated results.

G. Information on capacity-building support needed by developing country Parties under Article 11 of the Paris Agreement

139. Developing country Parties should provide, in textual format, information on capacity-building support needed under Article 11 of the Paris Agreement, including on, to the extent possible and as available and as applicable:

(a) The approach a Party seeks to take to enhance capacity-building support;

(b) Country-specific capacity-building needs, constraints and gaps in communicating those needs, and an explanation of how the capacity-building support needed would improve the provision of such information;

(c) Processes for enhancing public awareness, public participation and access to information in relation to capacity-building.

140. Developing country Parties should provide, in a common tabular format, information on capacity-building support needed, including the following, to the extent possible, and as available and as applicable:

- (a) Title (of activity, programme or project);
- (b) Programme/project description;
- (c) Expected time frame;
- (d) Type of support (mitigation, adaptation or cross-cutting);
- (e) Expected use, impact and estimated results.

H. Information on capacity-building support received by developing country Parties under Article 11 of the Paris Agreement

141. Developing country Parties should provide, in textual format, information on capacity-building support received under Article 11

of the Paris Agreement, including on, to the extent possible, and as available and as applicable:

- (a) Case studies, including key success and failure stories;
- (b) How support received has enhanced a Party's capacity;
- (c) Capacity-building support received at the national and, where appropriate, subregional and regional level, including priorities, participation and the involvement of stakeholders.

142. Developing country Parties should provide, in a common tabular format, information on capacity-building support received, including the following, to the extent possible and as available and as applicable:

- (a) Title (of activity, programme or project);
- (b) Programme/project description;
- (c) Implementing entity;
- (d) Recipient entity;
- (e) Type of support (mitigation, adaptation or cross-cutting);
- (f) Time frame;
- (g) Status of activity (planned, ongoing or completed);
- (h) Use, impact and estimated results.

I. Information on support needed and received by developing country Parties for the implementation of Article 13 of the Paris Agreement and transparency-related activities, including for transparency-related capacity-building

143. Developing country Parties should provide information on support needed and received for implementing Article 13 of the Paris Agreement and transparency-related activities, including on, to the extent possible:

- (a) Support needed and received for preparing reports pursuant to Article 13;
- (b) Support needed and received for addressing the areas for improvement identified by the technical expert review teams.

144. Developing country Parties should provide, in a common tabular format, summary information on support needed and received for implementing Article 13 and transparency-related

activities, including for transparency-related capacity-building, including, to the extent possible and as applicable:

- (a) Title (of activity, programme or project);
- (b) Objectives and description;
- (c) Recipient entity;
- (d) Channel;
- (e) Amount (in domestic currency and in United States dollars);
- (f) Time frame;
- (g) Status of activity (planned, ongoing or completed);
- (h) Use, impact and estimated results.

145. In reporting information on support needed and received for the implementation of Article 13 of the Paris Agreement and transparency-related activities, including for transparency-related capacity-building, developing country Parties should ensure the avoidance of double counting in reporting such information separately from other information on financial, technology development and capacity-building support needed or received.

## **VII. Technical expert review**

### **A. Scope**

146. A technical expert review consists of:

- (a) A review of the consistency of the information submitted by the Party under Article 13, paragraphs 7 and 9, of the Paris Agreement with these MPGs, taking into account the flexibility accorded to the Party under Article 13, paragraph 2, of the Paris Agreement;
- (b) Consideration of the Party's implementation and achievement of its NDC under Article 4 of the Paris Agreement;
- (c) Consideration of the Party's support provided, as relevant;
- (d) Identification of areas of improvement for the Party related to implementation of Article 13 of the Paris Agreement;
- (e) For those developing country Parties that need it in the light of their capacities, assistance in identifying capacity-building needs.

147. The technical expert review shall pay particular attention to the respective national capabilities and circumstances of developing country Parties.

148. In accordance with Article 13, paragraph 3, of the Paris Agreement, the technical expert review will be implemented in a facilitative, non-intrusive, non-punitive manner, respectful of national sovereignty, and will avoid placing undue burden on Parties.

149. Technical expert review teams shall not:

- (a) Make political judgments;
- (b) Review the adequacy or appropriateness of a Party's NDC under Article 4 of the Paris Agreement, of its associated description pursuant to chapter III.B above, or of the indicators identified in chapter III.C above;
- (c) Review the adequacy of a Party's domestic actions;
- (d) Review the adequacy of a Party's support provided;
- (e) For those developing country Parties that need flexibility in the light of their capacities, review the Party's determination to apply flexibility that has been provided for in these MPGs, including the self-determined estimated time frames referred to in paragraph 6 above, or whether a developing country Party possesses the capacity to implement that specific provision without flexibility.

## **B. Information to be reviewed**

150. Information submitted under Article 13, paragraphs 7 and 9, of the Paris Agreement shall undergo a technical expert review consistent with the MPGs contained in this chapter. This includes:

- (a) A national inventory report of anthropogenic emissions by sources and removals by sinks of GHGs, as referred to in paragraph 10(a) above, submitted by each Party;
- (b) Information necessary to track progress made in implementing and achieving its NDC under Article 4, as referred to in paragraph 10(b) above, submitted by each Party;
- (c) Information on financial, technology development and transfer and capacity-building support provided to developing country Parties under Articles 9, 10 and 11 of the Paris Agreement referred to in paragraph 10(d) above. Information submitted by other Parties that provide support, as referred to in Article 9, paragraph 2,

of the Paris Agreement, may undergo a technical expert review at the Party's discretion.

## **C. Technical expert review format**

### **1. Definitions**

151. A technical expert review may be conducted as a centralized review, in-country review, desk review or simplified review.

152. A centralized review is when the members of a technical expert review team conduct the review from a single, centralized location. During a centralized review, a single technical expert review team could review several Parties.

153. An in-country review is when the members of a technical expert review team conduct the review in the country of the Party undergoing a technical expert review. In-country visits will be scheduled, be planned and take place with the consent of, and in close coordination with, the Party subject to review.

154. A desk review is when the members of a technical expert review team conduct the review remotely from their respective countries.

155. A simplified review of a Party's national inventory report involves the secretariat undertaking an initial assessment of completeness and consistency with these MPGs consistent with the initial assessment procedures. A review of the findings of this initial assessment will form part of the consequent technical expert review of the Party's national inventory report.

### **2. Applicability**

156. A Party's biennial transparency report that is not subject to an in-country or simplified review shall undergo a centralized or desk review.

157. The LDCs and SIDS may choose to participate in the same centralized review as a group. During a centralized group review, a single expert review team will review several biennial transparency reports from the LDCs and SIDS.

158. A Party shall undergo an in-country review for:

- (a) The first biennial transparency report;
- (b) At least two biennial transparency reports in a 10-year period, of which one is the biennial transparency report that contains



information on the Party's achievement of its NDC under Article 4 of the Paris Agreement;

(c) A biennial transparency report if recommended in the technical expert review of the Party's previous biennial transparency report;

(d) A biennial transparency report upon the request of the Party under technical expert review.

159. Those developing country Parties that need flexibility in the light of their capacities with respect to paragraph 158 above have the flexibility to instead choose to undergo a centralized instead of an in-country review, but are encouraged to undergo an in-country review.

160. A desk review should not be conducted more often than once every five years, for the first biennial transparency report submitted following a Party's communication or update of its NDC under Article 4 or for a biennial transparency report that contains information on the Party's achievement of its NDC under Article 4.

161. A Party's national inventory report submitted in a year in which a biennial transparency report is not due shall be subject to a simplified review. A follow-up of the findings of the simplified review will form part of the technical expert review in the subsequent year.

## **D. Procedures**

162. For in-country, centralized and desk reviews:

(a) The secretariat shall commence the preparation of the review process immediately following the submission of the information specified in chapter VII.B above and agree with the Party the dates of the technical expert review week at least 14 weeks prior to the technical expert review week. The secretariat may organize reviews of biennial transparency reports in a staggered manner between two consecutive reports;

(b) The secretariat shall compose a technical expert review team at least 10 weeks prior to the technical expert review week;

(c) The technical expert review team should communicate any preliminary questions to the Party at least four weeks prior to the technical expert review week. The technical expert review team may request additional information before or during the technical expert review week. The Party concerned should make every reasonable effort to provide the requested information within two weeks of the

request; those developing country Parties that need flexibility in the light of their capacities with respect to this provision are instead encouraged to provide the information within three weeks of the request;

(d) The technical expert review team shall communicate to the Party concerned draft areas of improvement, constituting preliminary “recommendations” (for “shall” provisions) and/or “encouragements” (for non-“shall” provisions), and, for those developing country Parties that need flexibility in the light of their capacities, any capacity-building needs identified in consultation with the Party concerned, at the end of the technical expert review week;

(e) The technical expert review team shall, under its collective responsibility, prepare a draft technical expert review report and through the secretariat send it to the Party concerned for comment within two months of the technical expert review week;

(f) The Party concerned shall then be given up to one month from its receipt to provide comments; those developing country Parties that need flexibility in the light of their capacities with respect to this provision have the flexibility to instead provide comments within three months of receipt of the draft technical expert review report;

(g) The technical expert review team shall prepare the final version of the technical expert review report, taking into account the comments of the Party, within one month of receipt of the comments;

(h) Taking into account the procedures in the preceding paragraphs, the technical expert review team shall make every effort to complete the technical expert review report as early as possible and no later than 12 months from the start of the technical expert review process.

163. For simplified reviews, the secretariat should prepare a draft initial assessment and send it to the Party within six weeks of the submission by the Party of the information specified in chapter VII.B above. The Party may then provide comments within four weeks of receipt of the draft initial assessment. The secretariat should address the Party’s comments and publish the final initial assessment on the UNFCCC website within four weeks of receipt of the Party’s comments.

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## **E. Confidentiality**

164. A Party may designate information provided to the technical expert review team during the review as confidential. In such a case, the Party should provide the basis for protecting such information, and the technical expert review team and the secretariat shall not make the information publicly available. The obligation of the members of the technical expert review team to maintain confidentiality continues after the completion of the technical expert review.

## **F. Role of the Party**

165. The Party concerned shall cooperate with the technical expert review team and the secretariat and make every reasonable effort to respond to all questions and provide additional clarifying information and comments to the technical expert review report in a timely manner.

## **G. Role of the technical expert review team**

166. Technical experts, in conducting reviews, shall adhere to these MPGs.

167. Technical experts shall participate in the technical expert review in their individual expert capacity.

## **H. Role of the secretariat**

168. The secretariat shall organize technical expert reviews, including the coordination of a schedule, logistical and administrative arrangements of the review and provision of review tools and materials to the technical expert review team.

169. The secretariat, together with the lead reviewers referred to in chapter VII.I.3 below, shall facilitate communication between the Party and the technical expert review team.

170. The secretariat, under the guidance of the lead reviewers, shall compile and edit the final technical expert review reports.

171. The secretariat shall facilitate annual meetings of the lead reviewers.

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## **I. Technical expert review team and institutional arrangements**

### **1. General**

172. Technical experts shall be nominated to the UNFCCC roster of experts by Parties and, as appropriate, by intergovernmental organizations.

173. Technical experts shall complete the training programme referred to in decision 18/CMA.1, paragraph 12(c), prior to serving on a technical expert review team.

174. Each transparency report submitted will be assigned to a single technical expert review team with members selected from the UNFCCC roster of experts.

### **2. Composition**

175. Technical experts shall have recognized competence in the areas to be reviewed.

176. The secretariat shall compose a technical review team in such a way that the collective skills and competencies of the technical expert review teams correspond to the information to be reviewed, as specified in chapter VII.B above, and that the teams include experts for each significant GHG inventory sector, mitigation, support, and cooperative approaches and internationally transferred mitigation outcomes under Article 6, and LULUCF, as relevant.

177. At least one team member should be fluent in a language of the Party under review, to the extent possible.

178. The secretariat shall select the members of the technical expert review team with a view to achieving a balance between experts from developed and developing country Parties. The secretariat shall ensure geographical and gender balance among the technical review experts, to the extent possible. When selecting members of the technical expert review team for centralized group reviews of biennial transparency reports from the LDCs and SIDS, the secretariat shall strive to include technical experts from the LDCs and SIDS.

179. Two successive reviews of a Party's submission cannot be performed by the same technical expert review team.

180. Every effort should be made to select lead reviewers who have participated in reviews under the Convention or Article 13 of the Paris Agreement.

181. The technical expert review team shall include two lead reviewers, one from a developed country Party and another from a developing country Party.

182. Experts from developing country Parties participating in the technical expert review team shall be funded according to the existing procedures for participation in UNFCCC activities.

### **3. Lead reviewers**

183. Lead reviewers shall oversee the work of the technical expert review team and act as co-lead reviewers, in accordance with these MPGs.

184. Lead reviewers should ensure that the technical expert reviews in which they participate are conducted in accordance with the MPGs contained in this chapter. The lead reviewers should also ensure the quality and objectivity of the technical expert review and provide for the continuity, consistency across Parties and timeliness of the technical expert reviews.

185. Lead reviewers shall communicate necessary information to the technical expert review team; monitor the progress of the technical expert review; coordinate the submission of queries of the technical expert review team to the Party concerned and coordinate the inclusion of the answers in the technical expert review report; give priority to issues raised in previous technical expert review reports; and provide technical advice to the members of the technical expert review team.

186. Lead reviewers shall meet annually at a lead reviewers' meeting to discuss how to improve the quality, efficiency and consistency of technical expert reviews, and develop conclusions on these meetings.

## **J. Technical expert review report**

187. A technical expert review report shall contain the results of a technical expert review in accordance with the scope identified in chapter VII.A above.

188. Technical expert review reports shall be made publicly available on the UNFCCC website.

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## **VIII. Facilitative, multilateral consideration of progress**

### **A. Scope**

189. A facilitative, multilateral consideration of progress is undertaken with respect to the Party's efforts under Article 9 of the Paris Agreement and the Party's respective implementation and achievement of its NDC.

### **B. Information to be considered**

190. Information to be considered in a facilitative, multilateral consideration of progress includes:

(a) Information submitted by the Party as referred to in paragraph 10(a) and (b) and paragraph 10(d) and (e) above, as applicable;

(b) The Party's technical expert review report pursuant to chapter VII.J above;

(c) Any additional information provided by the Party for the purpose of the facilitative, multilateral consideration of progress.

### **C. Format and steps**

191. A facilitative, multilateral consideration of progress shall include two phases: a written question and answer phase, followed by a working group session phase.

192. The written question and answer phase shall consist of the following steps:

(a) Any Party may submit written questions to the Party concerned, consistent with the scope identified in chapter VIII.A above;

(b) Such questions shall be submitted through an online platform that opens three months prior to the working group session. The Party concerned may respond to questions that are received later than two months prior to the working group session at its discretion;

(c) The Party in question shall make best efforts to respond in writing to the questions no later than one month prior to the working group session through the online platform; those

developing country Parties that need flexibility in the light of their capacities with respect to this provision have the flexibility to instead submit written responses up to two weeks prior to the working group session. The Party may indicate in its response if it considers the written question to be outside the scope of a facilitative, multilateral consideration of progress;

(d) The secretariat shall compile the questions and answers and publish them on the UNFCCC website prior to the working group session phase.

193. The working group session phase shall take place during sessions of the Subsidiary Body for Implementation (SBI) and consist of the following steps:

(a) A presentation by the Party;

(b) A discussion session focused on the Party's presentation and the information identified in chapter VIII.B above. All Parties may participate in the discussion session and raise questions to the Party concerned. Working group sessions shall be open to observation by registered observers and shall be made publicly accessible through an online live recording;

(c) A Party may provide additional written responses to questions raised during the discussion session in writing through the online platform within 30 days following the session.

194. During the working group session phase of a facilitative, multilateral consideration of progress, the LDCs and SIDS may choose to participate as a group.

195. The secretariat shall establish an online platform to, inter alia:

(a) Allow a Party to hold a webinar ahead of and/or after an SBI session;

(b) Facilitate the written question and answer phase;

(c) Facilitate the working group session phase, including by allowing participation during the working group session by experts in remote locations.

196. The secretariat shall also coordinate the practical arrangements of a facilitative, multilateral consideration of progress.

## **D. Frequency and timing**

197. A facilitative, multilateral consideration of progress will take place as soon as possible following the publication of a Party's

technical expert review report. Should the technical expert review report not be available within 12 months of the submission of the Party's biennial transparency report, the secretariat will make arrangements for the Party to participate in a facilitative, multilateral consideration of progress at the next available opportunity.

198. If a Party does not submit a biennial transparency report within 12 months of the due date identified in decision 18/CMA.1, the secretariat, in consultation with the Party concerned, will make arrangements for the Party to participate in a facilitative, multilateral consideration of progress at the next available opportunity.

## **E. Record**

199. Within one month of the working group session, the secretariat shall prepare and publish on the UNFCCC website a record of the facilitative, multilateral consideration of progress for the Party concerned, which will include:

- (a) Questions submitted and responses provided;
- (b) A copy of the Party's presentation;
- (c) A recording of the working group session;
- (d) A procedural summary of the Party's facilitative, multilateral consideration of progress;
- (e) Any additional information generated through the online platform, as available.

*26th plenary meeting  
15 December 2018*



## Decision 6/CP.23

(FCCC/CP/2017/11/Add.1)

### Long-term climate finance

*The Conference of the Parties,*

*Recalling Articles 4 and 11 of the Convention,*

*Also recalling* decision 1/CP.16, paragraphs 2, 4 and 97–101, as well as decisions 1/CP.17, 2/CP.17, paragraphs 126–132, 4/CP.18, 3/CP.19, 5/CP.20, 1/CP.21, 5/CP.21 and 7/CP.22,

1. *Welcomes with appreciation* the continued progress of developed country Parties towards reaching the goal of jointly mobilizing USD 100 billion annually by 2020, in the context of meaningful mitigation actions and transparency on implementation, in accordance with decision 1/CP.16;

2. *Recalls* the commitment of developed country Parties, 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, in accordance with decision 1/CP.16, and *urges* developed country Parties to continue to scale up mobilized climate finance towards this goal;

3. *Urges* developed country Parties to continue their efforts to channel a substantial share of public climate funds to adaptation activities and to strive to achieve a greater balance between finance for mitigation and finance for adaptation, recognizing the importance of adaptation finance and the need for public and grant-based resources for adaptation;

4. *Welcomes* the biennial submissions received to date from developed country Parties on updated strategies and approaches for scaling up climate finance from 2016 to 2020 in accordance with decision 3/CP.19, paragraph 10, and *urges* those developed country Parties that have not yet done so to submit this information;

5. *Takes note* of the compilation and synthesis of the biennial submissions referred to in paragraph 4 above;<sup>1</sup>

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<sup>1</sup> FCCC/CP/2017/INF.1.

6. *Welcomes* the progress of Parties in their efforts to strengthen their domestic enabling environments in order to attract climate finance, and *requests* Parties to continue to enhance their enabling environments and policy frameworks to facilitate the mobilization and effective deployment of climate finance, in accordance with decision 3/CP.19;

7. *Also requests* developed country Parties to prepare their next round of updated biennial submissions on strategies and approaches for scaling up climate finance for the period 2018–2020 in line with decisions 3/CP.19, paragraph 10, and 5/CP.20, paragraph 10, with a view to updating information available on a pathway towards the goal of jointly mobilizing USD 100 billion per year by 2020;

8. *Further requests* the secretariat to prepare a compilation and synthesis of the biennial submissions referred to in paragraph 7 above in accordance with decisions 3/CP.19 and 7/CP.22, paragraph 15;

9. *Welcomes with appreciation* the submission of first and second biennial update reports by developing country Parties to date and *encourages* developing country Parties that have not already done so to submit their biennial update reports as soon as possible, recalling decision 2/CP.17, paragraph 41(a), which states that, consistent with their capabilities and the level of support provided for reporting, they should submit their first biennial update reports by December 2014, noting that the least developed country Parties and small island developing States may submit biennial update reports at their discretion;

10. *Requests* the secretariat, in collaboration with the operating entities of the Financial Mechanism, United Nations agencies and bilateral, regional and other multilateral channels, to explore ways and means to assist developing country Parties in assessing their needs and priorities, in a country-driven manner, including technological and capacity-building needs, and in translating climate finance needs into action;

11. *Takes note with appreciation* of the note by the President of the twenty-second session of the Conference of the Parties on the second biennial high-level ministerial dialogue on climate finance,<sup>2</sup> and particularly the key messages contained therein;<sup>3</sup>

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<sup>2</sup> FCCC/CP/2017/8.

<sup>3</sup> FCCC/CP/2017/8, paragraphs 6–11.

12. *Also takes note with appreciation of the summary report on the 2017 in-session workshop on long-term climate finance,<sup>4</sup> and the key findings and messages contained therein, including the summaries of the various segments, and the key areas of action from this workshop, and invites Parties and relevant institutions to consider the key messages;<sup>5</sup>*

13. *Recalls that, in accordance with decision 7/CP.22, the next in-session workshop on long-term climate finance, to be held in 2018, will, with a view to scaling up climate finance for mitigation and adaptation, focus on experiences and lessons learned from articulating and translating needs identified in country-driven processes into projects and programmes, roles of policies and enabling environments for mitigation and adaptation finance, and facilitating enhanced access;*

14. *Notes that the 2018 in-session workshop should further build on the key findings and messages from the 2017 in-session workshop on long-term climate finance and the summary report thereon;*

15. *Requests the secretariat to organize the in-session workshop referred to in paragraph 13 above and to prepare a summary report on the workshop for consideration by the Conference of the Parties at its twenty-fourth session (December 2018);*

16. *Recalls that, in line with decision 7/CP.22, paragraph 17, the third high-level ministerial dialogue on climate finance, to be convened in accordance with decision 3/CP.19, will be informed by the reports on the in-session workshops on long-term climate finance and the 2018 biennial assessment and overview of climate finance flows;*

17. *Invites the Presidency of the Conference of the Parties, in organizing the high-level ministerial dialogue referred to in paragraph 16 above, to consider a focus on the topic of access to climate finance.*

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<sup>4</sup> FCCC/CP/2017/4.

<sup>5</sup> FCCC/CP/2017/4, paragraph 24.

## Decision 7/CP.23

(FCCC/CP/2017/11/Add.1)

### Report of the Standing Committee on Finance

*The Conference of the Parties,*

*Recalling* Articles 4 and 11 of the Convention,

*Also recalling* decisions 1/CP.16, paragraph 112, and 2/CP.17, paragraphs 120 and 121, as well as decisions 5/CP.18, 7/CP.19, 6/CP.20, 6/CP.21 and 8/CP.22,

1. *Welcomes with appreciation* the report of the Standing Committee on Finance to the Conference of the Parties at its twenty-third session,<sup>1</sup> taking note of the recommendations contained therein;
2. *Endorses* the updated workplan of the Standing Committee on Finance for 2018;<sup>2</sup>
3. *Expresses its appreciation* to the Governments of Finland and Norway and the European Commission for the financial contributions to support the work of the Standing Committee on Finance;
4. *Welcomes* the 2017 forum of the Standing Committee on Finance on the topic of mobilizing finance for climate-resilient infrastructure, *takes note* of the summary report on the 2017 forum, including the recommendations and follow-up activities of the Standing Committee on Finance,<sup>3</sup> *invites* the Standing Committee on Finance to follow up on the recommendations in its 2018 workplan, and *invites* Parties and relevant organizations to incorporate the recommendations into their work as appropriate;
5. *Expresses its gratitude* to the Governments of Morocco and the Netherlands, the Union for the Mediterranean and the European Bank for Reconstruction and Development for their support in ensuring the success of the 2017 forum;
6. *Notes* the outcome of discussions on the 2018 biennial assessment and overview of climate finance flows, including the outline of the technical report and the summary and

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<sup>1</sup> FCCC/CP/2017/9.

<sup>2</sup> FCCC/CP/2017/9, annex VIII.

<sup>3</sup> FCCC/CP/2017/9, annex V.

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recommendations on the 2018 biennial assessment and overview of climate finance flows, as well as an indicative timeline;<sup>4</sup>

7. *Also notes* that the Standing Committee on Finance extended the two-year workplan on the measurement, reporting and verification of support beyond the biennial assessment, and *requests* the Standing Committee on Finance to enhance its work on the measurement, reporting and verification of support beyond the biennial assessment, acknowledging the progress made by the Standing Committee on Finance and noting the need to avoid duplication of ongoing work under the Subsidiary Body for Scientific and Technological Advice and the Ad Hoc Working Group on the Paris Agreement;

8. *Requests* the Standing Committee on Finance, in fulfilling its function with regard to the measurement, reporting and verification of support, and in the context of its extended workplan, to continue its cooperation with relevant stakeholders and experts;

9. *Invites* the Standing Committee on Finance to conclude its deliberations on the topic of its next forum at the latest at its first meeting in 2018;

10. *Welcomes* the offer by the Republic of Korea to host a 2018 forum of the Standing Committee on Finance;

11. *Also welcomes* the appointment of focal points of the Standing Committee on Finance to liaise with the other constituted bodies under the Convention, and requests the Standing Committee on Finance to continue to provide information on the appointment in its annual reports to the Conference of the Parties;

12. *Reiterates* that the Standing Committee on Finance will integrate financing for forest-related considerations into its 2018 workplan, where appropriate, and continue work on this matter in the context of the overall issue of improving coherence and coordination in the delivery of climate change financing, taking into account all relevant decisions on forests;<sup>5</sup>

13. *Requests* the Standing Committee on Finance to report to the Conference of the Parties at its twenty-fourth session (December 2018) on the progress made in the implementation of its workplan;

14. *Also requests* the Standing Committee on Finance to consider the guidance provided to it in other relevant decisions of the Conference of the Parties.

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<sup>4</sup> FCCC/CP/2017/9, annex VI.

<sup>5</sup> FCCC/CP/2017/9, annex VIII, page 69.

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## Decision 8/CP.23

(FCCC/CP/2017/11/Add.1)

### Review of the functions of the Standing Committee on Finance

*The Conference of the Parties,*

*Recalling* decisions 1/CP.16, paragraph 112, and 9/CP.22,

1. *Welcomes* with appreciation the input to the review of the functions of the Standing Committee on Finance, including information provided by Parties, the Standing Committee on Finance, constituted bodies under the Convention and external stakeholders involved in the activities of the Standing Committee on Finance;
2. *Takes note* with appreciation of the updated and expanded overview of the mandates provided by the Conference of the Parties to the Standing Committee on Finance,<sup>1</sup> and the progress made to date by the Standing Committee on Finance in fulfilling these mandates, as well as the self-assessment report of the Standing Committee on Finance and the recommendations contained therein;<sup>2</sup>
3. *Encourages* Parties and the Standing Committee on Finance to consider the recommendations referred to in paragraph 2 above;
4. *Takes note* of the technical paper on the review of the functions of the Standing Committee on Finance;<sup>3</sup>
5. *Acknowledges* the contributions and positive performance of the Standing Committee on Finance in assisting, informing and advancing the work of the Conference of the Parties in exercising its function in relation to the Financial Mechanism;
6. *Requests* the Standing Committee on Finance to continue to provide and enhance the dissemination and utilization of specific and targeted outputs and recommendations in order to effectively advance the work of the Conference of the Parties;
7. *Invites* Parties and relevant stakeholders to utilize the outputs of the Standing Committee on Finance;

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<sup>1</sup> See

[http://www4.unfccc.int/Submissions/Lists/OSPSubmissionUpload/39\\_304\\_1\\_31359396103493098-SCF%20submission%20SBI%2046.pdf](http://www4.unfccc.int/Submissions/Lists/OSPSubmissionUpload/39_304_1_31359396103493098-SCF%20submission%20SBI%2046.pdf).

<sup>2</sup> FCCC/CP/2017/9, annex VII.

<sup>3</sup> FCCC/TP/2017/4.

8. *Encourages* the Standing Committee on Finance to prioritize specific areas of work in the light of its workload in a given year and *emphasizes* the need to continue to enhance all the functions of the Standing Committee on Finance, including to take into consideration its mandate to serve the Paris Agreement in line with decision 1/CP.21, paragraph 63;
9. *Also encourages* Parties and other constituted bodies under the Convention to continue to provide submissions for the preparation of draft decisions on guidance to the operating entities of the Financial Mechanism, based on the reports of the operating entities, in a timely manner to the Standing Committee on Finance;
10. *Recognizes* the need to avoid duplication of climate finance related work across the different subsidiary and constituted bodies, while respecting the mandates and competencies of the different bodies;
11. *Requests* the Standing Committee on Finance to further refine its approach to maintaining linkages with the subsidiary and constituted bodies according to resources available and in the context of its existing working modalities;
12. *Also requests* the Standing Committee on Finance to ensure the value added of its forum when deciding on the topic of each forum, to provide clear recommendations to the Conference of the Parties, as appropriate, regarding follow-up actions on the forum, and to enhance the dissemination, use and ownership of the accumulated knowledge and expertise gathered at the forum, and *invites* other bodies and external organizations to take into consideration the outputs of the forum;
13. *Acknowledges* the transparency of the proceedings and decision-making processes of the Standing Committee on Finance, including through the webcasting of its meetings and the timely publication of its reports to the Conference of the Parties;
14. *Requests* the Standing Committee on Finance to further strengthen its stakeholder engagement;
15. *Decides* to continue its deliberations on ways to enhance the participation of members of the Standing Committee on Finance, acknowledging the need to ensure the full participation and contribution of all constituencies in the meetings of the Standing Committee on Finance and the continuity of the work of the Standing Committee on Finance;
16. *Requests* the Standing Committee on Finance to provide options for the enhancement of the participation of members and to

report back to the Conference of the Parties at its twenty-fourth session (December 2018);

17. *Recognizes* that there is a need for the Standing Committee on Finance to improve some of its in-session and intersessional working modalities with the aim of further enhancing its efficiency and effectiveness, ensuring the inclusiveness and transparency of its proceedings;

18. *Also recognizes* the need to consider the existing workplan of the Standing Committee on Finance, and in particular its workload, when providing strategic guidance to the Standing Committee on Finance;

19. *Decides* to agree on the timeline for the second review of the functions of the Standing Committee on Finance at its twenty-fifth session (November 2019) at the latest.

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## Decision 9/CP.23

(FCCC/CP/2017/11/Add.1)

### Report of the Green Climate Fund to the Conference of the Parties and guidance to the Green Climate Fund

*The Conference of the Parties,*

1. Welcomes the report of the Green Climate Fund to the Conference of the Parties,<sup>1</sup> including the list of actions taken by the Board of the Green Climate Fund (hereinafter referred to as the Board) in response to the guidance received from the Conference of the Parties;

2. Notes with appreciation the significant scaling-up of the operations of the Green Climate Fund in 2017, including:

(a) The expansion of its portfolio to include: (1) USD 41.8 million to support 130 requests in 92 countries through the Readiness and Preparatory Support Programme, two thirds of which are in the least developed countries, small island developing States and African States; and (2) USD 2.65 billion to support 54 projects and programmes in 73 countries;

(b) Improvements to the initial project approval process, including ongoing mandates to address policy matters related to the approval of projects;

(c) An increase in the number of accredited entities, particularly direct access entities;

(d) The availability of additional financial resources for the Readiness and Preparatory Support Programme, including for the formulation of national adaptation plans and/or other national adaptation planning processes;

(e) The decision of the Board to initiate an independent review of the Readiness and Preparatory Support Programme;<sup>2</sup>

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<sup>1</sup> FCCC/CP/2017/5 and Add.1.

<sup>2</sup> Green Climate Fund Board decision B.15/04.

(f) The decision to allocate USD 500 million for a results-based payments pilot programme for activities referred to in decision 1/CP.16, paragraph 70;<sup>3</sup>

(g) The decision of the Board to develop the terms of reference for a climate technology incubator and accelerator-focused request for proposals, and the request of the Board for continued collaboration with the Technology Executive Committee and the Climate Technology Centre and Network;<sup>4</sup>

(h) The issuance of a request for proposals to the private sector for mobilizing funds at scale;

(i) The framework on complementarity and coherence and the organization of the first annual dialogue with climate finance delivery channels;

(j) The approval of the Board's workplan for 2018;

3. *Encourages* the Board to ensure that the post-approval process facilitates the timely disbursement of approved funding;

4. *Notes* that accreditation is pending for a significant number of entities;

5. *Welcomes* the Board's decision to trigger the review of the accreditation framework and its fit for purpose approach,<sup>5</sup> and *urges* the Board to swiftly adopt and implement the revised framework with a view to simplifying and facilitating access to the Green Climate Fund, including for direct access entities and private sector actors;

6. *Notes with concern* the challenges in accessing financial resources for climate action in developing country Parties, especially in relation to funding for adaptation;

7. *Requests* the Board to ensure that all developing country Parties have access to all the financial instruments available through the Green Climate Fund, in line with the eligibility criteria referred to in the governing instrument and relevant decisions of the Conference of the Parties and to ensure application of the agreed policies of the Green Climate Fund;

8. *Confirms* that the Green Climate Fund will finance agreed full and agreed incremental costs to enable and support enhanced action by developing countries to tackle climate change in line with the

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<sup>3</sup> Green Climate Fund Board decision B.18/07.

<sup>4</sup> Green Climate Fund Board decision B.18/03.

<sup>5</sup> Green Climate Fund Board decision B.18/04.

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relevant provisions in the governing instrument of the Green Climate Fund;

9. *Welcomes* the launch of the Simplified Approval Process Pilot Scheme and *urges* its implementation in line with Green Climate Fund Board decision B.18/06;

10. *Encourages* the Board to continue improving the process to review and approve readiness and preparatory support requests, including requests for support to prepare national adaptation plans and voluntary adaptation planning processes, including the timely disbursement for approved programmes;

11. *Invites* the Board to consider ways to improve the availability of information on accessing funding from the Green Climate Fund, as appropriate;

12. *Takes note* of the biennial report on the status of privileges and immunities<sup>6</sup> and *expresses concern* with the low level of bilateral arrangements concluded between the Green Climate Fund and Parties;

13. *Encourages* Parties to enter into agreements to grant the privileges and immunities needed for the effective and efficient operationalization of the Green Climate Fund in accordance with national legislation and circumstances and Board decision B.10/12, as appropriate;

14. *Also encourages* the Board to intensify its efforts to ensure that the Green Climate Fund will enjoy such privileges and immunities as are necessary for the fulfilment of its purposes;

15. *Decides* to continue its consideration of the Board's request as reflected in Green Climate Fund Board decision B.08/24 and the procedure agreed in decision 7/CP.20;

16. *Urges* the Board to ensure the continuation of trustee services and to conclude its deliberations on the selection of a trustee, including the terms of reference for the trustee, in accordance with previous decisions of the Conference of the Parties and the Board;

17. *Encourages* the Board to launch the first replenishment process of the Green Climate Fund in accordance with previous decisions of the Conference of the Parties and the Board;

18. *Also encourages* the Board to include in its annual report to the Conference of the Parties information on projects approved by

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<sup>6</sup> Annex III to the report of the Green Climate Fund, contained in the annex to document FCCC/CP/2017/5.

the Board that support the innovation and/or scaling-up of climate technologies with a view to informing the Technology Mechanism as it undertakes further work on climate technology innovation;

19. *Invites* Parties to submit their views and recommendations on elements to be taken into account in developing guidance for the Board of the Green Climate Fund<sup>7</sup> no later than 10 weeks prior to the twenty-fourth session of the Conference of the Parties (December 2018);

20. *Requests* the Standing Committee on Finance to take into consideration the submissions referred to in paragraph 19 above when providing its draft guidance for the Board of the Green Climate Fund for consideration by the Conference of the Parties;

21. *Also requests* the Green Climate Fund to include in its annual report to the Conference of the Parties information on the steps that it has taken to implement the guidance provided in this decision.

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<sup>7</sup> <http://www.unfccc.int/5900>.

## Decision 10/CP.23

(FCCC/CP/2017/11/Add.1)

### Report of the Global Environment Facility to the Conference of the Parties and guidance to the Global Environment Facility

*The Conference of the Parties,*

*Recalling* decision 11/CP.22

*Noting* the importance of providing timely responses to the requests of developing country Parties,

1. *Notes* the report of the Global Environment Facility to the Conference of the Parties<sup>1</sup> and the responses of the Global Environment Facility to the guidance from the Conference of the Parties;
2. *Welcomes* the decision of the Global Environment Facility Council to begin the process of updating its minimum agency standards and fiduciary policies;<sup>2</sup>
3. *Also welcomes* the Global Environment Facility Council's approval of the Global Environment Facility's policy on ethics and conflict of interest;<sup>3</sup>
4. *Reiterates* its call in decision 11/CP.22, paragraph 2, to ensure a robust seventh replenishment in order to assist in providing adequate and predictable funding, taking into consideration the Paris Agreement as well as the request of the Conference of the Parties to the Global Environment Facility contained in decision 11/CP.22, paragraph 3;
5. *Requests* the Global Environment Facility to enhance the consultation process with developing country Parties and other stakeholders in the context of the Global Environment Facility replenishment process;

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<sup>1</sup> FCCC/CP/2017/7.

<sup>2</sup> Joint summary of the chairs of the 52<sup>nd</sup> Global Environment Facility Council meeting, paragraphs 24 and 25. Available at [https://www.thegef.org/sites/default/files/council-meeting-documents/EN\\_GEF.C.52\\_Joint\\_Summary\\_of\\_the\\_Chairs.pdf](https://www.thegef.org/sites/default/files/council-meeting-documents/EN_GEF.C.52_Joint_Summary_of_the_Chairs.pdf).

<sup>3</sup> See paragraph 7 of the joint summary referred to in footnote 2 above.

6. *Noting* the importance of the existing allocation for climate change, *requests* the Global Environment Facility to further consider the needs and priorities of developing countries in the allocation for the climate change focal area in its seventh replenishment period;

7. Requests the Global Environment Facility to continue implementing in its seventh replenishment period its established policies for grants and concessional funding, in support of developing country Parties, in line with the provisions of the Convention, relevant decisions of the Conference of the Parties and the Instrument for the Establishment of the Restructured Global Environment Facility;

8. Welcomes the operationalization of the Capacity-building Initiative for Transparency and projects approved during the reporting period, and requests the Global Environment Facility to provide adequate support to assist developing country Parties, in line with decision 1/CP.21 paragraph 86;

9. Notes the Global Environment Facility Council decision GEF/C.50/07, 4 and its conclusions, and invites the Global Environment Facility to further consider ways to improve its access modalities for developing country Parties, including small island developing States and the least developed countries;

10. Also requests the Global Environment Facility, as appropriate, to ensure that its policies and procedures related to the consideration and review of funding proposals be duly followed in an efficient manner;

11. Encourages the Global Environment Facility to further enhance engagement with the private sector, including in its technology projects;

12. Invites the Global Environment Facility to allocate provisions in the climate change focal area of its seventh replenishment for supporting developing country Parties in undertaking technology needs assessments and piloting priority technology projects to foster innovation and investment;

13. *Also invites* the Global Environment Facility to include information in its reports to the Conference of the Parties on:

(a) The collaboration between the Global Environment Facility focal points and the national designated entities for technology development and transfer, as communicated by the

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<sup>4</sup> Titled “Future Directions on Accreditation – A Follow-Up”.

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Climate Technology Centre and Network to the Global Environment Facility;<sup>5</sup>

(b) Whether and how Parties have used their System for Transparent Allocation of Resources allocation for piloting the implementation of the technology needs assessment results;<sup>6</sup>

14. *Further invites* Parties to submit via the submission portal,<sup>7</sup> no later than 10 weeks prior to the twenty-fourth session of the Conference of the Parties (December 2018), their views and recommendations on the elements to be taken into account in developing guidance for the Global Environment Facility;

15. *Requests* the Standing Committee on Finance to take into consideration the submissions referred to in paragraph 14 above when providing its draft guidance for the Global Environment Facility for consideration by the Conference of the Parties;

16. *Also requests* the Global Environment Facility to include in its annual report to the Conference of the Parties information on the steps that it has taken to implement the guidance provided in this decision.

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<sup>5</sup> FCCC/SBI/2016/20, paragraph 84.

<sup>6</sup> FCCC/SBI/2016/20, paragraph 85.

<sup>7</sup> <http://www.unfccc.int/5900>. Parties are invited to submit their views on the elements to be taken into account in developing guidance for the Global Environment Facility, no later than 10 weeks before the twenty-fourth session of the Conference of the Parties.

## Decision 11/CP.23

(FCCC/CP/2017/11/Add.1)

### Sixth review of the Financial Mechanism

*The Conference of the Parties,*

*Recalling* decision 12/CP.22,

*Recognizing* that the review of the Financial Mechanism should inform the replenishment processes of the operating entities of the Financial Mechanism,

1. *Notes* the expert input of the Standing Committee on Finance to the sixth review of the Financial Mechanism;<sup>1</sup>
2. *Takes note* of the efforts made by the operating entities of the Financial Mechanism to enhance complementarity and coherence between them and between the operating entities and other sources of investment and financial flows;
3. *Requests* the operating entities of the Financial Mechanism to continue to enhance complementarity and coherence;
4. *Decides* to initiate the seventh review of the Financial Mechanism at the twenty-sixth session of the Conference of the Parties (November 2020) in accordance with the criteria in the updated guidelines contained in the annex to decision 12/CP.22, or as those guidelines may be subsequently amended;
5. *Requests* the Standing Committee on Finance to provide expert input to the seventh review of the Financial Mechanism in 2021 with a view to the review being completed by the Conference of the Parties at its twenty-seventh session (November 2021).

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<sup>1</sup> FCCC/CP/2017/9, annex II.



## Decision 12/CP.23

(FCCC/CP/2017/11/Add.1)

### **Process to identify the information to be provided by Parties in accordance with Article 9, paragraph 5, of the Paris Agreement**

*The Conference of the Parties,*

*Recalling* Article 9, paragraphs 1, 3 and 5, of the Paris Agreement,

*Also recalling* decisions 1/CP.21, paragraph 55, and 13/CP.22,

*Further recalling* decision 3/CP.19, paragraph 10,

1. *Reiterates* that developed country Parties shall biennially communicate indicative quantitative and qualitative information related to Article 9, paragraphs 1 and 3, of the Paris Agreement, as applicable, including, as available, projected levels of public financial resources to be provided to developing country Parties, and that other Parties providing resources are encouraged to communicate biennially such information on a voluntary basis;<sup>1</sup>
2. *Welcomes* the constructive sharing of views during the round-table discussion among Parties organized by the secretariat on 16 May 2017;
3. *Also welcomes* the summary report on that round-table discussion prepared by the secretariat;<sup>2</sup>
4. *Further welcomes* the progress made on this matter as reflected in the informal note by the co-chairs of the contact group thereon;<sup>3</sup>
5. *Requests* the Subsidiary Body for Implementation to consider, beginning at its forty-eighth session (April–May 2018) and at any subsequent sessions on the Paris Agreement work programme, identification of the information to be provided by Parties in

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<sup>1</sup> Article 9, paragraph 5, of the Paris Agreement.

<sup>2</sup> FCCC/CP/2017/INF.2.

<sup>3</sup> Available at [http://unfccc.int/files/meetings/bonn\\_nov\\_2017/in-session/application/pdf/cop23\\_10f\\_informal\\_note.pdf](http://unfccc.int/files/meetings/bonn_nov_2017/in-session/application/pdf/cop23_10f_informal_note.pdf).

accordance with Article 9, paragraph 5, of the Paris Agreement, and to forward the outcomes to the Conference of the Parties at its twenty-fourth session (December 2018) with a view to the Conference of the Parties providing a recommendation for consideration and adoption by the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement at the third part of its first session (December 2018);

6. *Also requests* the Subsidiary Body for Implementation to consider the matter referred to in paragraph 5 above taking into account the informal note referred to in paragraph 4 above.

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## Decision 1/CMP.13

(FCCC/KP/CMP/2017/7/Add.1)

### Report of the Adaptation Fund Board

*The Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol,*

*Recalling* decisions 1/CMP.3, 2/CMP.10, 1/CMP.11 and 2/CMP.12,

*Also recalling* the Paris Agreement, adopted under the Convention,

*Further recalling* decision 1/CP.21, paragraphs 59 and 60, and decision 1/CMA.1, paragraph 11,

1. *Takes note* of the annual report of the Adaptation Fund Board, and the information contained therein;<sup>1</sup>

2. *Notes* the following information, actions and decisions relating to the Adaptation Fund *Board* presented in the report referred to in paragraph 1 above and in the oral report provided by the Chair of the Adaptation Fund Board at this session:<sup>2</sup>

(a) The accreditation of 26 national implementing entities for accessing resources from the Adaptation Fund directly;

(b) Cumulative project and programme approvals reaching USD 418.1 million as at 30 June 2017;

(c) The record number of project and programme proposals received from 2015 to 2017 and the rapidly increasing demand for funding;

(d) Funds available for new funding approvals amounting to USD 185.9 million as at 30 June 2017;

(e) The value of projects and programmes in the active pipeline estimated at USD 163.9 million as at 30 June 2017;

(f) The approval of funding decisions for readiness *grants* amounting to USD 275,000, consisting of USD 100,000 in South–South cooperation grants, USD 145,000 in technical assistance

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<sup>1</sup> FCCC/KP/CMP/2017/6.

<sup>2</sup> Available at [http://unfccc.int/meetings/bonn\\_nov\\_2017/in-session/items/10494.php](http://unfccc.int/meetings/bonn_nov_2017/in-session/items/10494.php).

grants for the environmental and social policy and gender policy, and USD 30,000 in technical assistance grants for the gender policy;

(g) The approval of three regional (multi-country) projects, with total funding of USD 25.8 *million*, and the decision to continue financing regional projects and programmes beyond the Pilot Programme for Regional Projects and Programmes, launched in May 2015;

(h) The cumulative receipts of USD 649.5 million into the Adaptation Trust Fund, as at 30 June 2017, comprising USD 197.8 million from the monetization of certified emission reductions, USD 442.4 million from additional contributions and USD 9.3 million from investment income earned on the trust fund balance;

(i) The approval of the Ad hoc Complaint Handling Mechanism of the Adaptation Fund,<sup>3</sup> established to promote the fund's accountability and help respond, through a participatory approach, to complaints raised against a project or programme financed by the fund;

(j) The adoption by the Adaptation Fund Board of a *medium-term* strategy for the Adaptation Fund;<sup>4</sup>

(k) The approval of 16 single-country project/*programme* proposals submitted by implementing entities, totalling USD 103.1 million, including 6 proposals submitted by national implementing entities, to the amount of USD 38.8 million, 5 proposals submitted by regional implementing entities, to the amount of USD 39.6 million, and 5 proposals submitted by multilateral implementing entities, to the amount of USD 24.6 million;

(l) The contributions received from 1 July 2016 to 30 June 2017, amounting to USD 97.6 million, from Germany, Italy, Sweden and the Brussels-Capital, Flanders and Walloon Regions of Belgium;

(m) The publication of a gender *guidance* document<sup>5</sup> to assist implementing entities in complying with the fund's gender policy and action plan and in mainstreaming gender considerations;

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<sup>3</sup> See [https://www.adaptation-fund.org/wp-content/uploads/2016/12/Ad-Hoc-Complaint-Handling-Mechanism\\_final\\_March2017.pdf](https://www.adaptation-fund.org/wp-content/uploads/2016/12/Ad-Hoc-Complaint-Handling-Mechanism_final_March2017.pdf).

<sup>4</sup> See [https://www.adaptation-fund.org/wp-content/uploads/2017/10/AFB.B.30.5.Rev\\_1-Draft-medium-term-strategy.pdf](https://www.adaptation-fund.org/wp-content/uploads/2017/10/AFB.B.30.5.Rev_1-Draft-medium-term-strategy.pdf).

<sup>5</sup> See <https://www.adaptation-fund.org/wp-content/uploads/2017/03/GenderGuidance-Document.pdf>.

- (n) The 2017–2020 resource mobilization strategy<sup>6</sup> being implemented by the Adaptation Fund Board;
3. *Also notes* the total amount of USD 81.4 million in contributions made to the Adaptation Fund in 2016, surpassing the *fundraising* target of the Adaptation Fund Board of USD 80 million for the 2016 calendar year;
4. *Welcomes* the financial pledges to the Adaptation Fund made by *Germany*, Ireland, Italy, Sweden and the Walloon Region of Belgium, equivalent to USD 93.3 million;
5. *Notes* that with the pledges mentioned in paragraph 4 above, the fundraising target of the Adaptation *Fund* Board of USD 80 million for the 2017 calendar year has been surpassed;
6. *Reiterates* its concern<sup>7</sup> regarding the issues related to the sustainability, adequacy and predictability of funding for the Adaptation Fund due to the current uncertainty about the prices of certified emission reductions;
7. *Encourages* the scaling-up of financial resources, including the provision of voluntary support, that is additional to the share of proceeds levied on certified emission reductions, in order to support the resource mobilization efforts of the Adaptation Fund Board with a view to strengthening the Adaptation Fund;
8. *Also encourages* the Adaptation Fund Board, in line with its existing mandate, to continue its consideration of linkages *between* the Adaptation Fund and other funds, and to report on the outcomes thereof to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol at its fourteenth session (December 2018);
9. *Further encourages* the Adaptation Fund *Board* to implement its medium-term strategy;<sup>8</sup>
10. *Encourages* the Adaptation Fund Board to continue its deliberations on enhancing and *streamlining* accreditation policies for implementing entities, including reaccreditation of previously accredited entities;
11. *Requests* the Adaptation Fund Board to make available, as part of its annual report, information on board meetings and other

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<sup>6</sup> See [https://www.adaptation-fund.org/wp-content/uploads/2017/05/AFB\\_Resource\\_mobilization\\_strategy\\_for\\_posting.pdf](https://www.adaptation-fund.org/wp-content/uploads/2017/05/AFB_Resource_mobilization_strategy_for_posting.pdf).

<sup>7</sup> Decision 2/CMP.12, paragraph 6.

<sup>8</sup> See Adaptation Fund Board document B.30/5/Rev.1.

relevant *developments* that have taken place after the publication of the main part of the annual report;

12. *Decides* that the Adaptation Fund shall serve the Paris Agreement subject to and consistent with decisions to be taken at the third part of the first session of the Conference of the Parties serving as the *meeting* of the Parties to the Paris Agreement (December 2018), in line with decision 1/CMA.1, paragraph 11;

13. *Also decides* that it will consider whether the Adaptation Fund shall serve the Paris Agreement exclusively, under the guidance of and accountable to the Conference of the Parties serving as the meeting of Parties to the Paris Agreement, following a recommendation from the Conference of the Parties serving as the meeting of Parties to the Paris Agreement on this matter to the Conference of the Parties serving as the meeting of Parties to the Kyoto Protocol at its fifteenth session (November 2019);

14. *Notes* the progress of the Ad Hoc Working Group on the Paris Agreement in undertaking the necessary preparatory work to address governance and *institutional* arrangements, safeguards and operating modalities for the Adaptation Fund to serve the Paris Agreement, including sources of funding, to be defined by Parties, and *looks forward to* the recommendations thereon from the Ad Hoc Working Group on the Paris Agreement in 2018;

15. *Recognizes* that the Adaptation Fund should continue to contribute to an enhanced, efficient and coherent climate finance architecture.

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## Decision 2/CMP.13

(FCCC/KP/CMP/2017/7/Add.1)

### Third Review of the Adaptation Fund

*The Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol,*

*Recalling* decisions 2/CMP.10 and 1/CMP. 12,

*Reiterating* the crucial importance of the Adaptation Fund as an essential channel for supporting adaptation action and the main promoter of direct access, together with its focus on funding the full costs of concrete adaptation projects and programmes in developing countries,

*Noting* with deep concern the continued issues related to the sustainability, adequacy and predictability of funding from the Adaptation Fund, given the current prices of certified emission reductions, which affect its ability to fulfil its mandate

1. *Notes* the following information, actions and decisions relating to the Adaptation Fund contained in the report of the Adaptation Fund Board and the oral report provided by the Chair of the Adaptation Fund Board in November 2016:
2. *Takes note* of the technical paper on the third review of the Adaptation Fund, based on the terms of reference for the review contained in the annex to decision 1/CMP. 12;
3. *Welcomes* the completion of phase 1 of the independent evaluation of the Adaptation Fund and looks forward to phase 2;
4. *Recognizes* the lessons learned and progress made since the second review of the Adaptation Fund, including initiatives and improvements such as modalities to enable enhancement of the direct access modality, the Readiness Programme including its South- South mentoring channel, a streamlined process for accreditation for small entities and guidance on accreditation standards;
5. *Also recognizes* the comparative advantage of the Adaptation Fund, including the speed of project approval, the strategic engagement by stakeholders at the subnational level, the various institutional benefits, the efficiency of institutional arrangements and the enhancement of country ownership in the funding process;

6. *Welcomes* the implementation of mandatory compliance for implementing entities with the Adaptation Fund's environmental and social safeguards and gender policy, which enhances the effectiveness of the Adaptation Fund;

7. *Notes* the efforts made by the Adaptation Fund Board in enhancing cooperation with other funds to ensure coherence and complementarity;

8. *Encourages* the Adaptation Fund Board:

(a) To consider options for improvement of efficiency with regard to the operation of the Adaptation Fund;

(b) To continue to engage with subnational actors and the private sector through, inter alia, microfinance schemes, weather-based insurance arrangements, involvement with local industry groups and farmers in adaptation projects, and public-private partnerships;

(c) To consider voluntary tracking of climate finance mobilized, where appropriate;

(d) To continue the efforts to enhance complementarity and coherence with other funds both under and outside the Convention;

9. *Requests* the Adaptation Fund Board:

(a) To consider lessons learned from the Adaptation Fund's engagement with private sector stakeholders in adaptation projects at the local level, including in the decision-making processes of the Adaptation Fund and in communications with donors;

(b) To monitor and assess project approval time under the Readiness Programme, identifying any linkages of this time to the introduction of the Adaptation Fund's environmental and social policy, and to take measures to reduce the time, as necessary, while continuing to implement its environmental and social safeguards and gender policy;

(c) To continue to provide information on project approval time;

(d) To continue monitoring the adaptation impacts and results of the Adaptation Fund, including using local and sector-specific metrics;

(e) To report on progress made on the mandates arising from this decision in the future reports of the Adaptation Fund to the



Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol;

10. *Also requests* the Subsidiary Body for Implementation, at its session to be held in June 2020, to initiate the fourth review of the Adaptation Fund, in accordance with the terms of reference contained in the annex to decision 1/CMP.12, or as amended, and to report back to its governing body to be convened in conjunction with the twenty-seventh session of the Conference of the Parties (November 2021).

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## Decision 7/CP.22

(FCCC/CP/2016/10/Add.1)

### Long-term climate finance

*The Conference of the Parties,*

*Recalling Articles 4 and 11 of the Convention,*

*Also recalling* decision 1/CP.16, paragraphs 2, 4 and 97–101, as well as decisions 1/CP.17, 2/CP.17, paragraphs 126–132, 4/CP.18, 3/CP.19, 5/CP.20, 1/CP.21 and 5/CP.21,

1. *Notes with appreciation* the 2016 biennial assessment and overview of climate finance flows of the Standing Committee on Finance, in particular its key findings and recommendations, highlighting the increase of climate finance flows from developed country Parties to developing country Parties;<sup>1</sup>
2. *Welcomes with appreciation* the submission made by developed country Parties in response to decision 1/CP.21, paragraph 114, and takes note of the information contained therein;<sup>2</sup>
3. Welcomes the progress by developed country Parties towards reaching the goal of jointly mobilizing USD 100 billion annually by 2020, in accordance with decision 1/CP.16, and urges developed country Parties to continue to scale up mobilized climate finance towards this goal;
4. Also welcomes the progress made and requests Parties to continue to enhance their enabling environments and policy frameworks to facilitate the mobilization and effective deployment of climate finance in accordance with decision 3/CP.19;
5. *Urges* developed country Parties to continue their efforts to channel a substantial share of public climate funds to adaptation activities and to strive to achieve a greater balance between finance for mitigation and for adaptation, recognizing the importance of adaptation finance;
6. *Notes with appreciation* the summary report on the 2016 in-session workshop on long-term climate finance, which focused on

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<sup>1</sup> See document FCCC/CP/2016/8, annex II.

<sup>2</sup> Available at

<[http://www4.unfccc.int/Submissions/Lists/OSPSubmissionUpload/261\\_295\\_131233554162587561-Roadmap%20to%20the%20US\\$100bn%20%28UNFCCC%29.pdf](http://www4.unfccc.int/Submissions/Lists/OSPSubmissionUpload/261_295_131233554162587561-Roadmap%20to%20the%20US$100bn%20%28UNFCCC%29.pdf)>.

the issues of adaptation finance, needs for support to developing country Parties, and cooperation on enhanced enabling environments and support for readiness activities;<sup>3</sup>

7. Notes the increase in adaptation finance to date as identified in the 2016 biennial assessment and overview of climate finance flows, and the need to continue efforts to significantly scale up adaptation finance, while stressing the need to strive for a greater balance between adaptation and mitigation finance, and invites Parties and relevant institutions to consider the key messages from the in-session workshop referred to in paragraph 6 above, including that:

(a) Country-driven processes for the assessment of adaptation needs in developing countries are fundamental for scaling up adaptation finance;

(b) The nationally determined contributions and adaptation communications could constitute a good opportunity for supporting the scaling up of adaptation finance;

(c) The role of the private sector in adaptation finance needs to be further enhanced;

(d) Access to adaptation finance remains a challenge, particularly for small island developing States and the least developed countries;

(e) Better information needs to be generated for more efficient planning, including through enhanced tracking of adaptation flows;

(f) Strengthening national public financing management systems is vital to support countries to effectively manage, track and monitor climate finance;

(g) Maximizing the effectiveness of adaptation finance is important in ensuring that limited financial resources achieve the greatest possible impact;

8. *Also notes* the progress made to date in enhancing access to finance by developing countries, while further emphasizing the continued challenges that developing countries face in this regard, in particular those with capacity constraints, and further *encourages* Parties and relevant institutions to continue working in this regard in order to enhance access to finance from a wide variety of sources, public and private, bilateral and multilateral;

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<sup>3</sup> FCCC/CP/2016/5.

9. *Welcomes* the biennial submissions received to date from developed country Parties on updated strategies and approaches for scaling up climate finance from 2014 to 2020 in accordance with decision 3/CP.19, paragraph 10;

10. Requests the secretariat, in line with decision 5/CP.20, paragraph 11, to prepare a compilation and synthesis of the biennial submissions referred to in paragraph 9 above in order to inform the in-session workshops referred to in paragraph 12 below;

11. Welcomes the submission of the first biennial update reports submitted by 34 developing country Parties to date and invites developing country Parties that have not already done so to submit their biennial update reports as soon as possible, recalling decision 2/CP.17, paragraph 41(a), which states that, consistent with their capabilities and the level of support provided for reporting, they should submit their first biennial update reports by December 2014;

12. Decides that the in-session workshops on long-term climate finance in 2017 and 2018 will, with a view to scaling up climate finance for mitigation and adaptation, focus on experiences and lessons learned from:

(a) Articulating and translating needs identified in country-driven processes into projects and programmes;

(b) Roles of policies and enabling environments for mitigation and adaptation finance;

(c) Facilitating enhanced access;

13. *Requests* the secretariat to organize the in-session workshops referred to in paragraph 12 above and to prepare summary reports on these workshops for consideration by the Conference of the Parties;

14. Also requests the secretariat to continue to ensure that the workshops are well-balanced by, inter alia, inviting both public and private sector actors to attend them and summarizing all views expressed at the workshops in a fair and balanced manner;

15. *Decides* that the third biennial high-level ministerial dialogue on climate finance, to be convened in accordance with decision 3/CP.19, will be informed by the reports on the in-session workshops on long-term climate finance and the 2018 biennial assessment and overview of climate finance flows;

16. Requests the Presidency of the Conference of the Parties, with the support of the secretariat, to prepare a summary of the third biennial high-level ministerial dialogue on climate finance for

consideration by the Conference of the Parties at its twenty-fifth session (November 2019);

17. Welcomes the second biennial high-level ministerial dialogue on climate finance, convened in accordance with decision 3/CP.19, and looks *forward* to the summary of the Presidency of the Conference of the Parties on the deliberations of this dialogue.

*10<sup>th</sup> plenary meeting  
18 November 2016*

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## Decision 8/CP.22

(FCCC/CP/2016/10/Add.1)

### Report of the Standing Committee on Finance

*The Conference of the Parties,*

*Recalling* Articles 4 and 11 of the Convention,

*Also recalling* decisions 1/CP.16, paragraph 112, and 2/CP.17, paragraphs 120 and 121, as well as decisions 5/CP.18, 7/CP.19, 6/CP.20 and 6/CP.21,

1. *Welcomes with appreciation* the report of the Standing Committee on Finance to the Conference of the Parties at its twenty-second session, taking note of the recommendations contained therein;<sup>1</sup>
2. *Endorses* the workplan of the Standing Committee on Finance for 2017;<sup>2</sup>
3. *Notes* the 2016 biennial assessment and overview of climate finance flows while particularly welcoming the summary and recommendations by the Standing Committee on Finance as contained in the annex;<sup>3</sup>
4. *Expresses its appreciation for* the financial contributions provided by the Governments of Belgium, Norway, Sweden and Switzerland as well as the European Commission to support the work of the Standing Committee on Finance;
5. *Requests* the Standing Committee on Finance, in fulfilling its function on the measurement, reporting and verification of support, and in the context of its existing workplan, to cooperate with relevant stakeholders and experts and to consider ongoing work under the Convention and further action envisaged under the Paris Agreement;
6. *Welcomes* the 2016 forum of the Standing Committee on Finance on the topic of financial instruments that address the risks of loss and damage associated with the adverse effects of climate change;

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<sup>1</sup> FCCC/CP/2016/8.

<sup>2</sup> As contained in document FCCC/CP/2016/8, annex VIII.

<sup>3</sup> See <<http://unfccc.int/8034.php>>.

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7. *Takes note of* the summary report on the 2016 forum, including the recommendations and follow-up activities of the Standing Committee on Finance and invites the Standing Committee on Finance to follow up on the recommendations in its 2017 workplan;<sup>4</sup>

8. *Expresses its gratitude* to the Government of the Philippines and the Asian Development Bank for their support in ensuring the success of the 2016 forum of the Standing Committee on Finance;

9. *Invites* the Standing Committee on Finance to continue its deliberations on the topic of its 2017 forum at its first meeting in 2017;

10. *Reiterates* that the Standing Committee on Finance will integrate financing for forests-related considerations into its 2017 workplan, where appropriate, and continue work on this matter in the context of the overall issue of improving coherence and coordination in the delivery of climate change financing, taking into account all relevant decisions on forests;

11. *Requests* the Standing Committee on Finance to report to the Conference of the Parties at its twenty-third session (November 2017) on the progress made in the implementation of its workplan;

12. *Also requests* the Standing Committee on Finance to consider the guidance provided to it in other relevant decisions of the Conference of the Parties.

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<sup>4</sup> See document FCCC/CP/2016/8, annex III, paragraphs 68 and 69.

## Annex

### Summary and recommendations by the Standing Committee on Finance on the 2016 biennial assessment and overview of climate finance flows

[English only]

#### A. Context and mandates

13. The Standing Committee on Finance (SCF) assists the Conference of the Parties (COP) in exercising its functions with respect to the Financial Mechanism of the Convention, including, *inter alia*, in terms of measurement, reporting and verification of support provided to developing country Parties, through activities such as the biennial assessment and overview of climate finance flows.<sup>1</sup>

14. Subsequent to the 2014 biennial assessment and overview of climate finance flows, the COP requested the SCF to consider: the relevant work of other bodies and entities on measurement, reporting and verification of support and the tracking of climate finance;<sup>2</sup> ways of strengthening methodologies for reporting climate finance;<sup>3</sup> and ongoing technical work on operational definitions of climate finance, including private finance mobilized by public interventions, to assess how adaptation and mitigation needs can most effectively be met by climate finance.<sup>4</sup> It also requested the Ad Hoc Working Group on the Paris Agreement, when developing the modalities, procedures and guidelines for the transparency framework for action and support, to consider, *inter alia*, information in the biennial assessment and overview of climate finance flows and other reports of the SCF and other relevant bodies under the Convention.

15. The 2016 biennial assessment and overview of climate finance flows outlines improvements made and identifies areas for further improvements in the UNFCCC reporting guidelines and formats for developed and developing countries and for improvements in climate finance tracking and reporting of data

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<sup>1</sup> Decision 2/CP.17, paragraph 121(f).

<sup>2</sup> Decision 1/CP.18, paragraph 71.

<sup>3</sup> Decision 5/CP.18, paragraph 11.

<sup>4</sup> Decision 3/CP.19, paragraph 11.



producers and aggregators. The biennial assessment and overview of climate finance flows presents estimates of flows from developed to developing countries, available information on domestic climate finance and South–South cooperation, as well as the other climate-related flows that constitute global total climate finance flows. It then considers the implications of these flows, including composition, purpose and emergent trends relevant to the UNFCCC objectives, including the new goals set out in the Paris Agreement.

16. The 2016 biennial assessment and overview of climate finance flows comprises this summary and recommendations, and a technical report. The summary and recommendations was prepared by the SCF. The technical report was prepared by experts under the guidance of the SCF, and draws on information and data from a range of sources. It was subject to extensive stakeholder input and expert review, but remains a product of the external experts.

## **B. Challenges and limitations**

1. The 2016 biennial assessment and overview of climate finance flows presents a picture of climate finance to the extent possible. Due diligence has been undertaken to utilize the best information available from the most credible sources. Challenges were nevertheless encountered in collecting, aggregating and analysing information from diverse sources. The limited clarity with regard to the use of different definitions of climate finance limits comparability of data.

2. There are uncertainties associated with each source of data, and these have different underlying causes. Uncertainties are related to the data on domestic public investments, resulting from the lack of geographic coverage and differences in the way methods are applied, significant changes in the methods for estimating energy efficiency every few years and the lack of available data on sustainable private transport and other key sectors. Uncertainties also arise from the lack of procedures and data to determine private climate finance, methods for estimating adaptation finance, differences in the assumptions of underlying formulas to attribute finance from multilateral development banks (MDBs) to developed countries, the classification of data as ‘green finance’ and incomplete data on non-concessional flows.

3. The limitations outlined above need to be taken into consideration when deriving conclusions and policy implications from this biennial assessment and overview of climate finance flows. The SCF will contribute, through its activities, to the progressive

improvement of the measurement, reporting and verification of climate finance information in future biennial assessments and overviews of climate finance flows, to help address these challenges.

## C. Key findings

### 1. Methodological issues relating to measurement, reporting and verification of public and private climate finance

*Improvements made in tracking and reporting of climate finance since the 2014 biennial assessment and overview of climate finance flows*

4. Following the recommendations made by the SCF in the 2014 biennial assessment and overview of climate finance flows, the 2016 biennial assessment and overview of climate finance flows identifies the improvements listed below in the tracking and reporting of information on climate finance:

#### Developed countries

(a) Enabling Parties to provide additional information on their underlying definitions, methodologies and assumptions used, including on how they have identified finance as being “climate-specific”, as well as making these data more accessible to the public and recipient Parties, thereby enhancing consistency and transparency;

(b) Improving guidance on application of the Rio Markers for adaptation and mitigation and adjustments to the Rio Marker definitions for adaptation;

#### International organizations

(c) Making available MDB and multilateral climate fund activity-level data through the Development Assistance Committee (DAC) of the Organisation for Economic Co-operation and Development (OECD);

(d) Applying common principles for tracking mitigation and adaptation finance by MDBs and International Development Finance Club (IDFC) members;

(e) Making available data on climate co-financing flows through utilization of a joint methodology for tracking public and private climate co-finance by a consortium of seven MDBs.

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*Insights into reporting by developed countries and developing countries*

5. The current biennial report (BR) guidelines<sup>5</sup> were designed to accommodate reporting on a wide range of climate finance instruments and activities. This required a reporting architecture that was flexible enough to accommodate a diversity of reporting approaches. In some cases, limited clarity with regard to the diversity in reporting approaches limits comparability in climate finance reporting. Further improvements in reporting guidelines and formats are needed to enhance transparency on the approaches used by individual Parties and to enable greater comparability across reporting by Parties.

6. Current biennial update report (BUR) guidelines<sup>6</sup> for reporting by developing countries on financial, technical and capacity-building needs and support received do not require information on the underlying assumptions, definitions and methodologies used in generating the information. Limited institutional capacity to track climate finance received, as well as the lack of data, can pose challenges in developing country reporting.

*Insights into broader reporting aspects*

7. Information on domestic climate-related finance is available including through a few BURs, Climate Public Expenditure and Institutional Reviews (CPEIRs) and other independent studies. However, such information is difficult to compare.

8. There is a lack of systematic collection of data on climate-related private finance flows globally, due to difficulties in identifying climate-related finance, restrictions based on confidentiality, and conceptual and accounting issues. The primary sources cover mainly renewable energy and draw upon industry and sector databases, relying on voluntary disclosures. Efforts to develop methodologies for estimating mobilized private finance by public interventions are under way by the OECD DAC and the Research Collaborative on Tracking Private Climate Finance.

9. Ongoing efforts at the international and national levels aimed at improving climate-related financial risk disclosures are important for improving the transparency and promoting the alignment of finance and investment flows in accordance with Article 2.1(c) of the Paris Agreement.

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<sup>5</sup> Decision 2/CP.17.

<sup>6</sup> Decision 2/CP.17.

*Insights related to review of climate finance information*

10. Practices exist within the UNFCCC to review the information on support provided by Parties, including the international assessment and review of BRs and the international consultation and analysis of BURs. However, there are no internationally agreed methods for reconciling financial support provided against support received. Also, MDBs and IDFC do not have a standard procedure to review their climate finance data. In addition, BRs are not reviewed in time for aggregating data for the biennial assessment and overview of climate finance flows.

**2. Overview of current climate finance flows in 2013–2014***Flows from developed to developing countries as reported in biennial reports*

11. USD 25.4 billion in 2013 and USD 26.6 billion in 2014 of climate-specific finance was reported in BRs, of which USD 23.1 billion in 2013 and USD 23.9 billion in 2014 was channelled through bilateral, regional and other channels (see figure 1). This represents an increase of about 50 per cent from public finance reported through the same channels in 2011–2012.

*Multilateral climate funds*

12. USD 1.9 billion in 2013 and USD 2.5 billion in 2014 was channelled through the UNFCCC funds and multilateral climate funds on the basis of their financial reports. Although this is a small share of the total climate finance, information on their activities is mostly complete.

*Climate finance from multilateral development banks*

13. Climate finance provided by MDBs to developing countries from their own resources was reported as USD 20.8 billion in 2013 and USD 25.7 billion in 2014. The methodology used in the 2014 biennial assessment and overview of climate finance flows to attribute MDB finance from developed countries to developing countries suggests that USD 11.4 billion in 2013 and USD 12.7 billion in 2014 was delivered by developed countries. A more advanced methodology, which captures better the mobilization effect through the MDBs, suggests that USD 14.9 billion in 2013 and USD 16.6 billion in 2014 can be attributed to developed countries.

*Private climate finance*

14. The major source of uncertainty regarding flows to developing countries relates to the amount of private climate finance provided. Initial partial estimates of direct and mobilized private finance are available. Based on project-level data, renewable energy finance by developed country companies in developing countries is estimated at USD 1.8 billion in 2013 and USD 2.1 billion in 2014. Foreign direct investment in greenfield alternative and renewable energy in developing countries was estimated at USD 26.4 billion in 2013 and USD 21.6 billion in 2014. Both estimates are likely to be conservative. OECD and the Climate Policy Initiative (CPI) compiled an initial partial estimate of private finance mobilized by developed countries and identified USD 12.8 billion in 2013 and USD 16.7 billion in 2014 of private co-finance. These figures include private finance mobilized from international sources in addition to private finance mobilized domestically in developing countries. These partial estimates of direct private finance and mobilized finance are distinct, and cannot simply be aggregated.

#### *Instruments*

15. The mix of instruments used to channel support differs by funding source (see figure 2). About 35 per cent of the bilateral, regional and other finance reported to the UNFCCC in BRs is spent as grants, 20 per cent as concessional loans, 10 per cent as non-concessional loans, and the remainder through equity and other instruments. About 38 per cent of the reported finance is channelled through multilateral institutions, many of whom are MDBs that utilize capital contributions and commitments from member countries to raise low-cost capital from other sources of funding, including for donor contributions. This enables MDBs to offer a range of instruments and financial products, including grants (9 per cent), loans, including concessional loans, (83 per cent), equity (2 per cent) and other instruments (6 per cent). About 53 per cent of funding from multilateral climate funds is provided as grants, and the remainder is largely concessional loans, which have increased as a share of approved funding over time. Forty-nine per cent of bilateral climate finance reported to the OECD is provided as grants, and 47 per cent as concessional loans.

#### *Recipients*

16. Climate finance goes to a wide range of governmental, private and non-governmental entities in recipient countries. However, reporting on recipient institutions is incomplete. For example, recipient data are available for about 50 per cent of the bilateral finance reported to the OECD DAC. For 2013–2014, developing

country governments are specified as the recipients of about 40 per cent of the total flow. Climate finance channelled through other intermediaries may also reach national governments, but this is not captured in the data. Improving data on the recipients of climate finance could be an area for further work.

### *Global finance flows*

17. On a comparable basis, global total climate finance has increased by almost 15 per cent since 2011–2012. In dollar terms estimated global total climate finance increased from a high bound estimate of USD 650 billion for 2011–2012 to USD 687 billion for 2013 and to 741 billion for 2014. Private investment in renewable energy and energy efficiency represents the largest share of the global total; however, the energy efficiency data are much less certain than the renewable energy data. Levels of finance have increased as the costs of clean technology have continued to fall. The coverage of data in the 2016 biennial assessment and overview of climate finance flows has increased and improved since the 2014 biennial assessment and overview of climate finance flows, but nevertheless the quality and completeness of data on global total flows are lower than those for flows to developing countries.

18. The estimate of global total climate finance in the 2016 biennial assessment and overview of climate finance flows includes adjustments to the CPI estimate that were not part of the 2011–2012 estimate reported in the 2014 biennial assessment and overview of climate finance flows. Partial data on domestic public finance expenditures of USD 192 billion per year were compiled. If these additional adjustments are included, they raise the upper end of the range to USD 880 billion in 2013 and USD 930 billion in 2014. However, the volume of the climate-related finance and investment flows globally may be higher, given that there are still significant data gaps in critical sectors such as sustainable transportation, agriculture, energy efficiency and resilient infrastructure.

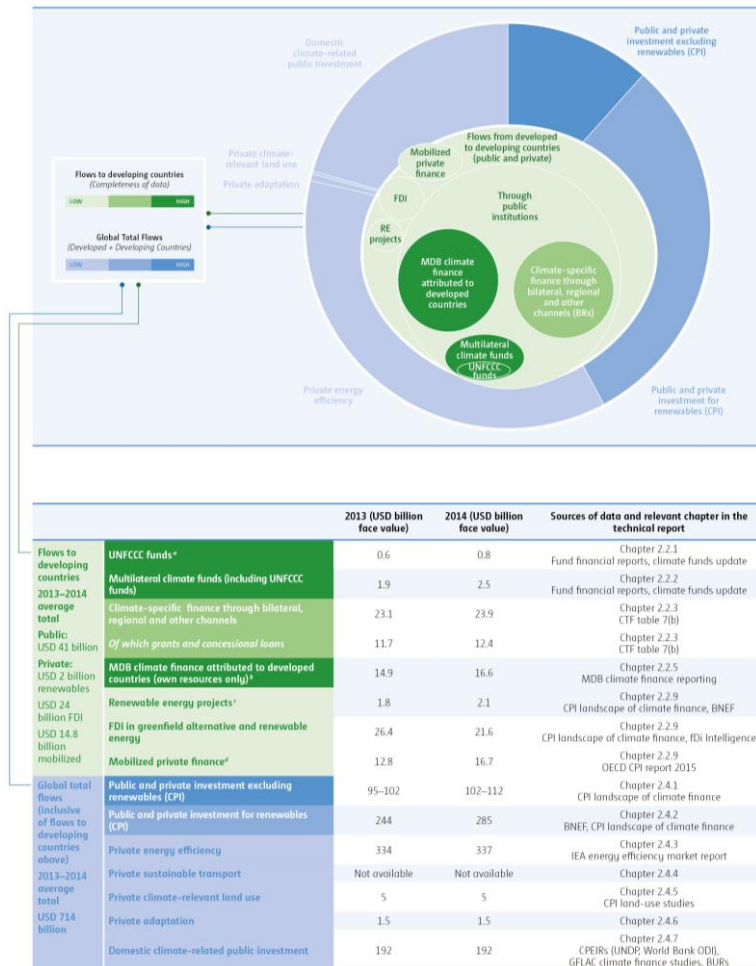
19. Domestic climate finance: Comprehensive data on domestic climate expenditures are not available. Limited information is included in the BURs; estimates of climate-related finance included in national budgets, domestic climate finance provided by national development banks and commitments by developing country national climate funds. These indicative estimates suggest flows of USD 192 billion per year in developed and developing countries.

20. Some studies suggest that most climate finance in aggregate is mobilized and deployed domestically, both in developed and developing countries. In the limited number of developing countries

for which information on domestic public climate finance is available, the data suggest that, in these countries, domestic public finance significantly exceeds the inflows of international public climate finance from bilateral and multilateral sources.

21. South–South cooperation: Data are limited, and mainly sourced from the OECD DAC, complemented with reports from a small number of other countries. On this basis, South–South cooperation was estimated to be in the range USD 5.9–9.1 billion for 2013 and USD 7.2–11.7 billion for 2014, of which about half was channelled through multilateral institutions.

Figure 1  
Climate finance flows in 2013–2014 (USD billion and annualized)



*Note:* Figure is not to scale, but seeks to show the relative size of flows. Flows to developing countries are a subset of global total flows.

*Abbreviations:* BNEF = Bloomberg New Energy Finance, BR = biennial report, BUR = biennial update report, CPEIR = Climate Public Expenditure and Institutional Reviews, CPI = Climate Policy Initiative, CTF = common tabular format, FDI = foreign direct investment, GFLAC = Climate Finance Group for Latin America and the Caribbean, IEA = International Energy Agency, MDB = multilateral development bank, ODI = Overseas Development Institute, OECD = Organisation for Economic Co-operation and Development, RE = renewable energy, UNDP = United Nations Development Programme.

<sup>a</sup> Includes commitments approved during 2013 and 2014. Almost all contributions are contributed by Parties included in Annex II to the Convention (Annex II Parties). The values do not reflect pledges to the Green Climate Fund amounting to USD 10.2 billion by the end of 2014.

<sup>b</sup> From Annex II Parties to Parties not included in Annex I to the Convention (non-Annex I Parties). Values are derived by excluding climate finance to Parties included in Annex I to the Convention from the total climate finance provided by MDBs from their own resources to arrive at climate finance provided to non-Annex I Parties, and by attributing 85 per cent of this to Annex II Parties.

<sup>c</sup> From Annex II Parties to non-Annex I Parties.

<sup>d</sup> From Annex II Parties as well as Czechia, Poland, Slovakia and Slovenia.

**Figure 2**  
**Characteristics of public finance in developing countries for 2013–2014**

	Average (2013 and 2014 in billion USD)	Purpose (%)			Implementing entities	Instrument (%)				
		Adaptation	Mitigation	Cross-cutting		Grants	Loans	Concessional Loans	Equity	Other
UNFCCC funds <sup>a</sup>	0.7	50	50		United Nations agencies, MDBs, bilateral development agencies, accredited national institutions, NGOs and private banks / funds	100				
Multilateral climate funds (including UNFCCC funds listed above)	2.2	27	70	3	MDBs, United Nations agencies and bilateral development finance institutions	53		47		
Climate-related bilateral <sup>b</sup>	14.9–25.3	27	53	20	Bilateral development finance agencies (e.g. GIZ, DFID, USAID, NORAD)	49	2 <sup>c</sup>	47	2 <sup>c</sup>	
MDB climate finance	15.8	18	82		MDBs	9		83	2	6



*Note:* All values are based on approvals.

*Abbreviations:* DFID = Department for International Development, GIZ = Deutsche Gesellschaft für Internationale Zusammenarbeit, MDB = multilateral development bank, NGO = non-governmental organization, NORAD = Norwegian Agency for Development Cooperation, USAID = United States Agency for International Development

<sup>a</sup> Adaptation Fund, Global Environment Facility, Special Climate Change Fund and Least Developed Countries Fund. No Green Climate Fund projects were approved during 2013–2014.

<sup>b</sup> The values for bilateral finance are based on biennial report data for figure 1 in this document. The percentages for bilateral climate finance in this table are based on Organisation for Economic Co-operation and Development data due to data availability.

<sup>c</sup> Not primarily development or concessional. One per cent of the equity reported is concessional equity.

### 3. Assessment of climate finance flows

22. An assessment of the data underlying the overview of climate finance flows offers insights into key questions of interest in the context of the UNFCCC negotiations, including support for adaptation and mitigation, levels of finance for different regions and how finance is delivered. Key features of different channels of climate finance for developing countries are summarized in figure 2.

23. Mitigation-focused finance represented more than 70 per cent of the public finance in developing countries reported in 2013 and 2014. Adaptation finance provided to developing countries accounted for about 25 per cent of the total finance. This is similar to 2011–2012, although there has been a slight increase in the proportion of adaptation finance from climate funds and bilateral concessional channels. More than 80 per cent of MDB investments focused on mitigation, and less than 20 per cent on adaptation.

24. There has been a significant role for grants in adaptation finance. Grants represent 88 per cent of adaptation finance approved climate funds and 56 per cent of the bilateral finance reported to the OECD DAC with adaptation as a principal objective. Some least developed countries and small island developing States in Africa and Asia have been among the largest recipients of adaptation finance.

25. About 33 per cent of funding from dedicated climate funds, 42 per cent of climate-related finance in the OECD DAC and 31 per cent of climate finance reported by MDBs is for Asia, often in countries with attractive investment climates. This funding has largely supported mitigation, including REDD-plus,<sup>7</sup> reflecting the

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<sup>7</sup> In decision 1/CP.16, paragraph 70, the COP encouraged developing country  
Decision 8/CP.22 - Annex

significant greenhouse gas (GHG) emissions from the region. About 21 per cent of finance from dedicated multilateral climate funds, 28 per cent of climate-related finance in the OECD DAC and 15 per cent of MDB climate finance is directed to African countries. There has been a growing emphasis on adaptation in this finance. About 23 per cent of funding from dedicated multilateral climate funds, 15 per cent of climate-related finance reported to the OECD DAC and 16 per cent of the climate finance reported by MDBs is directed to Latin America and the Caribbean.

26. There are costs associated with fund management, project development and implementation. These costs are recovered through mechanisms including administrative budgets and implementing agency fees, which vary across funds and institutions. Administrative costs range from less than 1 per cent to nearly 12 per cent of the approved funding. The actual costs are not necessarily proportional to the volumes of finance approved for projects.

27. A broad range of issues can present challenges in accessing climate finance, including: low levels of technical capacity to design and develop projects/programmes and to monitor and evaluate progress; difficulties in following the procedures of the funds to access finance; and low levels of awareness of the need for action and available sources of funding. Several efforts to strengthen “readiness” to access and make use of climate finance are now under way, and the Green Climate Fund (GCF) has recently stepped up its efforts in this regard. Investment in domestic capacity to structure and attract a range of sources of finance is also needed.

28. Ownership of climate finance and alignment of this finance with national climate change priorities and emerging policies and strategies is well recognized as an important element for ensuring effectiveness. Another important dimension is engagement of key stakeholders across government, particularly ministries of finance and planning, and across society, including civil society and the private sector. Most intended nationally determined contributions (INDCs) submitted by developing country Parties outlined, in varying levels of detail, the estimated financial costs of the future emission reduction and climate adaptation scenarios they describe. In general, methodologies used to estimate financial needs or definitions of scope were not specified, and differed substantially. Beyond INDCs, few efforts to assess national or global climate

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Parties to contribute to mitigation actions in the forest sector by undertaking the following activities: reducing emissions from deforestation; reducing emissions from forest degradation; conservation of forest carbon stocks; sustainable management of forests; and enhancement of forest carbon stocks.

finance needs have been completed since the 2014 biennial assessment and overview of climate finance flows. INDCs may provide a framework for strengthening ownership in the future.

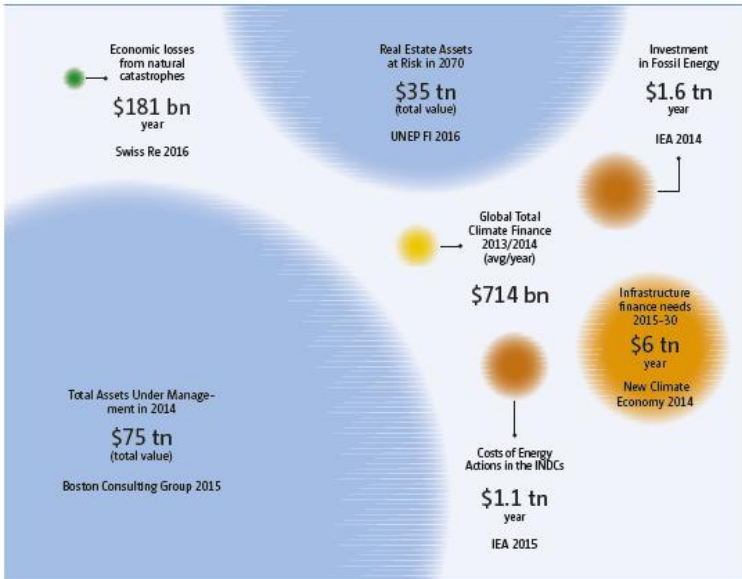
29. Impact monitoring systems are beginning to mature, although reporting of results remains nascent and relatively slow. GHG emission accounts are a primary metric of impact and effectiveness used for climate finance mitigation, often complemented with relevant output data such as the volume of installed clean energy or reductions in energy consumption. Consistency of methodologies for GHG accounting continues to be a challenge, though progress has been made by development finance institutions, which have adopted common principles.

30. Most adaptation interventions seek to identify the specific number of people that are likely to benefit from the proposed interventions, either directly or indirectly in terms of increased resilience. Ensuring the accuracy of estimates can be challenging, due to difficulties in identifying beneficiaries, establishing baselines and data collection, and defining and tracking resilience over time to what may be slow onset, or 1-in-100 or 1-in-500 year events.

31. Many funders use co-financing as best available evidence of private finance mobilization, and many climate funds use leverage ratios as one of their key results indicators. However, co-finance does not necessarily equate to mobilization, which is often used to imply a more causal relationship between public intervention and associated private finance, which is more complex to prove. High leverage ratios may not always indicate an effective use of public finance, as ratios can also be high in interventions that are the most commercially viable.

32. The 2016 biennial assessment and overview of climate finance flows identified climate-related global climate finance flows of USD 714 billion on average in 2013–2014 (see figure 1); this is a significant amount, but is relatively small in the context of wider trends in global investment (see figure 3). For example, while investment in clean energy is rising, volumes of finance for high carbon energy in all countries remain considerably higher. Infrastructure and assets are at risk from the impacts of climate change, with serious potential consequences for the global economy.

Figure 3  
Global climate finance in context



*Note:* This figure seeks to put the total volume of global finance flows in the context of wider trends in global investment. The flows featured on this diagram are not strictly comparable, and are presented for illustrative purposes only. Full details of the underlying studies are included in chapter 3 of the 2016 biennial assessment and overview of climate finance flows.

*Abbreviations:* avg = average, bn = billion, IEA = International Energy Agency, INDC = intended nationally determined contribution, tn = trillion, UNEP FI = United Nations Environment Programme Finance Initiative, \$ = United States dollars.

## D. Recommendations

33. The SCF invites the COP to consider the following recommendations:

(f) Invite Parties, the Ad Hoc Working Group on the Paris Agreement, the Subsidiary Body for Scientific and Technological Advice, the Subsidiary Body for Implementation and other relevant bodies under the Convention to consider the 2016 biennial assessment and overview of climate finance flows, particularly its key findings, in order to improve guidelines for the preparation and reporting of financial information,<sup>8</sup> as well as to develop the

<sup>8</sup> This includes enhanced information on: sectors, financial instruments, the methodology used for reporting financial support through bilateral channels, the methodology used to identify climate-specific portions of public

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modalities, procedures and guidelines, as appropriate, for the transparency of support in accordance with Articles 9 and 13 of the Paris Agreement;

(g) Request the SCF, in fulfilling its function on measurement, reporting and verification of support, and in the context of its workplan, to cooperate with relevant institutions and experts and to consider ongoing work under the Convention;

*Engaging with international organizations and the private sector*

(h) Encourage climate finance providers to enhance the availability of granular, country-level data and for the UNFCCC secretariat to make such information more accessible, including via enhanced web-based data platforms;

(i) Encourage relevant institutions and experts, including from the private sector, to devise practical options for estimating and collecting data on private climate finance, taking into consideration ongoing work by the OECD Research Collaborative on Tracking Private Climate Finance and by MDBs;

*Ownership, needs and impact*

(j) Encourage developing countries to take advantage of the resources available through the operating entities of the Financial Mechanism to strengthen their institutional capacity to programme their priority climate actions as well as to track and report climate finance;

(k) Request the SCF in preparing future biennial assessments and overviews of climate finance flows to assess available information on investment needs and plans related to Parties' nationally determined contributions and national adaptation plans;

(l) Encourage Parties and relevant international institutions to enhance the availability of information that will be necessary for tracking global progress on the goals outlined in Article 2 of the Paris Agreement;

(m) Invite the Board of the GCF to consider information in the biennial assessment and overview of climate finance flows in its annual dialogues with climate finance delivery channels in order to enhance complementarity and coherence between the GCF and other funds at the activity level;

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financial support through multilateral channels, and disaggregated data at the activity level.

(n) Invite multilateral climate funds, MDBs, other financial institutions and relevant international organizations to continue working to further harmonize methods for measuring climate finance and to advance comparable approaches for tracking and reporting on impacts.

*10<sup>th</sup> plenary meeting  
18 November 2016*

## Decision 9/CP.22

(FCCC/CP/2016/10/Add.1)

### Terms of reference for the review of the functions of the Standing Committee on Finance

*The Conference of the Parties,*

*Recalling* decisions 6/CP.20, 6/CP.21 and 1/CP.21, in particular paragraph 63,

1. *Adopts* the terms of reference for the review of the functions of the Standing Committee on Finance contained in the annex;

1. *Takes note* of the report of the Standing Committee on Finance to the twenty-second session of the Conference of the Parties and in particular annex VII thereto;<sup>1</sup>

2. *Invites* members of the Standing Committee on Finance, Parties, the constituted bodies under the Convention and external stakeholders to submit, by 9 March 2017, their views on the review of the Standing Committee on Finance based on the terms of reference contained in the annex, for consideration by the Subsidiary Body for Implementation at its forty-sixth session (May 2017);<sup>2</sup>

3. *Requests* the Subsidiary Body for Implementation, at its forty-sixth session, to initiate work on the review of the functions of the Standing Committee on Finance in accordance with the terms of reference contained in the annex, taking into account the submissions referred to in paragraph 3 above;

4. *Also requests* the secretariat to prepare a technical paper on the review of the Standing Committee on Finance, in accordance with the terms of reference contained in the annex, taking into account the deliberations and conclusions of the Subsidiary Body for Implementation at its forty-sixth session and the submissions referred to in paragraph 3 above, for consideration by the Subsidiary Body for Implementation at its forty-seventh session (November 2017);

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<sup>1</sup> FCCC/CP/2016/8.

<sup>2</sup> Parties should submit their views via the submission portal at <<http://www.unfccc.int/5900>>. Observers and other stakeholders should e-mail their submissions to <[secretariat@unfccc.int](mailto:secretariat@unfccc.int)>.

5. Further requests the Subsidiary Body for Implementation to complete its work on the review of the Standing Committee on Finance at its forty-seventh session with a view to recommending a draft decision on the matter for consideration and adoption by the Conference of the Parties at its twenty-third session (November 2017).





## **Terms of reference for the review of the functions of the Standing Committee on Finance**

### **A. Objective**

1. The objective of the review of the Standing Committee on Finance (SCF) is to review the functions of the committee, with a view to:

- (a) Strengthening the work of the SCF, as appropriate;
- (b) Identifying opportunities for increased efficiency and effectiveness;
- (c) Informing Parties on the extent to which the existing activities and working modalities of the SCF will fulfil its mandate to serve the Paris Agreement in line with decision 1/CP.21, paragraph 63;
- (d) Taking into account interrelated review processes, such as the sixth review of the Financial Mechanism.

### **E. Scope**

2. The scope of the review will cover the progress made to date and lessons learned in the fulfilment of the mandate of the SCF to assist the Conference of the Parties (COP) in the exercise of its functions with respect to the Financial Mechanism. In this context, the review should:

- (a) Be based on the current mandate and functions of the SCF;
- (b) Be informed by the work on climate finance conducted by other entities;
- (c) Examine whether any gaps exist in the delivery of the work of the SCF and how they can be addressed.

3. The review should address the following elements:

- (a) Assessment of the extent to which the SCF has effectively delivered on its core functions and mandated activities as outlined in decision 2/CP.17 and other relevant decisions and, in this

regard, taking stock of past achievements of the SCF in terms of its concrete outputs and how they have been utilized;

(b) Identification of the potential need for reorientation or reprioritization of the existing functions of the SCF;

(c) Assessment of whether the working modalities of the SCF, including the participation of its members, are fit-for-purpose for carrying out its functions;

(d) Quality of outputs;

(e) Linkages with the constituted bodies under the Convention;

(f) Relations with relevant external stakeholders.

## **F. Sources of information**

4. The review shall draw upon, *inter alia*, the following sources of information:

(e) Submissions from members of the SCF, Parties and the constituted bodies under the Convention, as well as external stakeholders involved in the activities of the SCF;

(f) The annual reports of the SCF, including, in particular, annex VII to its report to COP 22;<sup>1</sup>

(g) The relevant decisions of the COP related to the SCF;

(h) Outputs delivered by the SCF, such as the biennial assessment and overview of climate finance flows;

(i) A self-assessment report of the SCF and recommendations on improving its efficiency and effectiveness;

(j) The technical paper to be prepared by the secretariat in line with paragraph 5 of this decision.

## **G. Criteria**

5. The review shall take into account, *inter alia*, the following:

(k) The effectiveness and efficiency of the SCF in the delivery of its functions;

(l) The transparency of its decision-making processes;

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<sup>1</sup> FCCC/CP/2016/8.

- (m) The level and nature of stakeholder engagement;
- (n) The quality and added value of the outputs of the SCF, including how they were received by the COP and external stakeholders, and in particular how its recommendations have informed and advanced the work of the COP;
- (o) The timeliness of the outputs of the SCF.

*10<sup>th</sup> plenary meeting  
18 November 2016*

**Decision 10/CP.22**  
(FCCC/CP/2016/10/Add.1)

**Report of the Green Climate Fund to the  
Conference of the Parties and guidance  
to the Green Climate Fund**

*The Conference of the Parties,*

*Recalling* decision 7/CP.21,

*Noting* the draft decision on the guidance to the Green Climate Fund prepared by the Standing Committee on Finance,<sup>1</sup>

1. *Welcomes* the report of the Green Climate Fund to the Conference of the Parties and its addendum,<sup>2</sup> and the information contained therein on the progress made by the Green Climate Fund, including the detailed and comprehensive list of actions taken by the Board of the Green Climate Fund (hereinafter referred to as the Board) in response to the guidance received from the Conference of the Parties;

2. *Also welcomes* the following actions taken by the Board in response to previous guidance from the Conference of the Parties as contained in decisions 3/CP.17, 6/CP.18, 4/CP.19, 7/CP.20 and 7/CP.21:

(a) The approval of USD 1.17 billion for 27 projects and programmes in 39 countries and the issuance of requests for proposals for modalities that enhanced direct access, worth up to USD 200 million, and the issuance of requests for proposals for micro, small and medium-sized enterprises worth up to USD 100 million;

(b) The accreditation of 41 entities to date, including 18 direct access entities, and the decision to prioritize in 2016 and 2017 the accreditation of national direct access entities, entities in the Asia-Pacific and Eastern European regions, private sector entities, in particular those in developing countries, and entities responding to requests for proposals issued by the Green Climate Fund;

(c) The adoption of the initial strategic plan for the Green Climate Fund;

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<sup>1</sup> FCCC/CP/2016/8, annex V.

<sup>2</sup> FCCC/CP/2016/7 and Add.1.

(d) Decisions to initiate and conclude the review of the initial proposal approvals process and the simplified approvals procedure for certain small-scale activities in 2016;

(e) Progress made to date in the implementation of the readiness and preparatory support programme with the approval of readiness proposals in 57 countries totalling USD 16 million, including the decision of the Board to simplify the template and to mandate the Green Climate Fund secretariat to expedite the approval and disbursement of readiness and preparatory support resources;

(f) The approval of up to USD 3 million per country in funding for the preparation of national adaptation plans and/or other national adaptation planning processes through the readiness and preparatory support programme;

(g) The operationalization of the project preparation facility of the Green Climate Fund, including the development of operational modalities and approval of an initial allocation of USD 40 million;

(h) The approval of the information disclosure policy, including the webcasting of Board proceedings, thus increasing the transparency of the Board's decision-making;

(i) The acknowledgment that the Green Climate Fund's modalities enable support for the preparation and implementation of the nationally determined contributions and adaptation-related elements of the Paris Agreement;

(j) Responses to the operationalization of results-based payments for the activities referred to in decision 1/CP.16, paragraph 70, consistent with decision 9/CP.19 and in accordance with Board decision B.08/08, as well as the recognition that the Green Climate Fund can support the development and implementation of national REDD-plus<sup>3</sup> strategies or action plans and investment plans, including through the readiness and preparatory support programme;

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<sup>3</sup> In decision 1/CP.16, paragraph 70, the Conference of the Parties encouraged developing country Parties to contribute to mitigation actions in the forest sector by undertaking the following activities, as deemed appropriate by each Party and in accordance with their respective capabilities and national circumstances: reducing emissions from deforestation; reducing emissions from forest degradation; conservation of forest carbon stocks; sustainable management of forests; and enhancement of forest carbon stocks.

(k) The acknowledgment that the Green Climate Fund's operational modalities enabled support for technology development and transfer, including for facilitating access to environmentally sound technologies and for collaborative research and development;

(l) The appointment of the second Executive Director of the Green Climate Fund secretariat and the Heads of the Independent Redress Mechanism, the Independent Integrity Unit and the Independent Evaluation Unit;

(m) Decisions to increase the staffing of the Green Climate Fund secretariat, in particular by addressing the capacity limitations in the Mitigation and Adaptation Division and the Private Sector Facility Division, and the secretariat's risk management capacity;

(n) Decisions to develop an operational framework on complementarity and coherence with other financing institutions, and progress on the relationship with the thematic bodies of the Convention, including the hosting of the first annual event with these bodies, and engagement with the Technology Executive Committee and the Climate Technology Centre and Network;

3. *Looks forward* to the ongoing and timely implementation by the Board of the above-mentioned decisions and guidance received from the Conference of the Parties, including the initial strategic plan, and the scaling up of investments in ambitious country-driven climate action;

4. *Urges* the Board to finalize in a timely manner its work related to the guidance of the Conference of the Parties on financing for forests as mandated by decision 7/CP.21, paragraphs 23–25;

5. *Also urges* Parties that made pledges under the initial resource mobilization process of the Green Climate Fund but have not yet confirmed them through fully executed contribution arrangements or agreements to do so as a matter of high priority;

6. *Requests* the Board to facilitate an increase in the amount of direct access proposals in the pipeline and to report to the Conference of the Parties on progress made in this regard;

7. *Also requests* the Board to take into account decision 1/CP.21, paragraph 64, to enhance the coordination and delivery of resources to support country-driven strategies through simplified and efficient application and approval procedures, and through continued readiness support to developing country Parties, including the least developed countries and small island developing States, as appropriate, and in accordance with Board decisions;

8. *Notes with concern* the lack of signed bilateral agreements related to privileges and immunities in order for the Green Climate Fund to undertake its activities;

9. *Looks forward* to the biennial report on the matter referred to in paragraph 8 above, in accordance with decision 7/CP.20, paragraph 20, and Board decision B.08/24;

10. *Requests* the Board to enhance the delivery of resources by addressing those measures that are delaying the implementation of projects that have been approved by the Board, including the conclusion of pending accreditation master agreements and funded activity agreements;

11. *Encourages* the Board to implement its decision B.04/08 to develop modalities to support activities enabling private sector involvement in the least developed countries and small island developing States, and to seek opportunities to engage with the private sector, including local actors, on adaptation action at the national, regional and international levels;

12. *Invites* national designated authorities and focal points to utilize the readiness and preparatory support programme, and to collaborate with accredited entities to use the project preparation facility, where appropriate, to prepare adaptation and mitigation proposals of increasing quality and impact potential;

13. *Reiterates its request* <sup>4</sup> to the Board to agree on the arrangements for the first formal replenishment process of the Green Climate Fund;

14. *Invites* Parties to submit via the submission portal<sup>5</sup> annually, no later than 10 weeks prior to each session of the Conference of the Parties, their views and recommendations on the elements to be taken into account in developing guidance to the Green Climate Fund;

15. *Requests* the Standing Committee on Finance to take into consideration the submissions referred to in paragraph 14 above when preparing draft guidance to the Green Climate Fund for consideration by the Conference of the Parties;

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<sup>4</sup> Decision 7/CP.21, paragraph 10.

<sup>5</sup> <<http://www.unfccc.int/5900>>.



16. *Also requests* the Green Climate Fund, as an operating entity of the Financial Mechanism, to include in its annual report to the Conference of the Parties information on the steps it has taken and the timeline for the implementation of the guidance provided in this decision.

*10<sup>th</sup> plenary meeting  
18 November 2016*

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**Decision 11/CP.22**  
(FCCC/CP/2016/10/Add.1)

**Report of the Global Environment Facility to  
the Conference of the Parties and guidance to  
the Global Environment Facility**

*The Conference of the Parties,*

*Recalling* decision 8/CP.21,

*Welcoming* the report of the Global Environment Facility to the Conference of the Parties and its addenda reports, including on the technical review of the programme priorities of the Least Developed Countries Fund,<sup>1</sup>

*Noting* the draft decision on the guidance to the Global Environment Facility prepared by the Standing Committee on Finance, as contained in its report to the Conference of the Parties<sup>2</sup> and the Standing Committee on Finance 2016 biennial assessment and overview of climate finance flows as context for the provision of guidance,

1. *Emphasizes* the need for the Global Environment Facility to consider lessons learned from past replenishment periods and to take into account the entry into force of the Paris Agreement in its deliberations on the strategy for the seventh replenishment of the Global Environment Facility Trust Fund in order to continue to increase the effectiveness of its operations;
2. *Calls upon* developed country Parties, and *invites* other Parties that make voluntary financial contributions to the Global Environment Facility, to ensure a robust seventh replenishment, in order to assist in providing adequate and predictable funding taking into consideration the Paris Agreement;
3. Requests the Global Environment Facility, as an operating entity of the Financial Mechanism of the Convention, in its seventh replenishment programming, to continue to assist developing countries, in particular the least developed countries and small island developing States, in accessing resources in an efficient manner;

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<sup>1</sup> FCCC/CP/2016/6, Add.1 and 2.

<sup>2</sup> FCCC/CP/2016/8, annex VI.

4. *Also requests* the Global Environment Facility, as appropriate, to ensure that its policies and procedures related to the consideration and review of funding proposals be duly followed in an efficient manner;
5. Takes note of the projected shortfall of resources from the sixth replenishment of the Global Environment Facility due to exchange rate movements, and the decision of the Council of the Global Environment Facility on item 6 on the agenda of the 51st meeting of the council;<sup>3</sup>
6. Requests the Global Environment Facility to continue its efforts, as appropriate and as needed, to minimize the potential consequences of the projected shortfall referred to in paragraph 5 above for its support to developing countries, aiming to fulfil the relevant programming directions of the sixth replenishment of the Global Environment Facility;
7. Welcomes the decisions of the Council of the Global Environment Facility to establish the Trust Fund for the Capacity-building Initiative for Transparency<sup>4</sup> and to approve the Capacity-building Initiative for Transparency programming directions,<sup>5</sup> and to ensure that the support for the Capacity-building Initiative for Transparency will be included in the seventh replenishment, to complement existing support under the Global Environment Facility, in accordance with decision 1/CP.21, paragraph 86;
8. Also welcomes the pledges made by several countries to make voluntary contributions to the Capacity-building Initiative for Transparency and the signing of the first contribution agreement by a country and encourages others that have pledged to make voluntary contributions to finalize their contribution agreements;
9. Requests the Global Environment Facility, as an operating entity of the Financial Mechanism of the Convention, to continue providing in its annual reports, inter alia, information on the establishment and operation of the Capacity-building Initiative for Transparency, including its programming and implementation modalities, on the voluntary contributions pledged and provided,<sup>6</sup> and on the implementation of decision 9/CP.18;
10. Welcomes the Global Environment Facility's continued engagement and coordination with the Climate Technology Centre

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<sup>3</sup> Global Environment Facility document GEF/C.51/04.

<sup>4</sup> Global Environment Facility document GEF/C.50/05.

<sup>5</sup> Global Environment Facility document GEF/C.50/06.

<sup>6</sup> See decision 1/CP.21, paragraph 86.

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and Network through the Poznan strategic programme on technology transfer and the regional technology transfer and financing centres, as well as actions taken by the Global Environment Facility in response to the recommendations by the Technology Executive Committee following the evaluation of the Poznan strategic programme on technology transfer;

11. Urges the Global Environment Facility and recipient countries to continue exploring with the Climate Technology Centre and Network ways to support climate technology related projects through country allocations of the sixth replenishment of the Global Environment Facility;

12. Requests the Global Environment Facility, as an operating entity of the Financial Mechanism of the Convention, to take into consideration climate risks in all its programmes and operations, as appropriate, keeping in mind lessons learned and best practices;

13. Encourages the Global Environment Facility to continue its efforts to encourage countries to align, as appropriate, their Global Environment Facility programming with priorities as identified in their nationally determined contributions, where they exist, during the seventh replenishment, and to continue to promote synergies across its focal areas;

14. Welcomes the conclusions of the “Program evaluation of the Least Developed Countries Fund” by the Global Environment Facility’s Independent Evaluation Office;<sup>7</sup>

15. Requests the Global Environment Facility, as the operating entity of the Financial Mechanism of the Convention entrusted with the operation of the Least Developed Countries Fund, to continue to enhance capacity development in the least developed countries for the development of project proposals with a focus on identifying potential funding sources, both national and international, and enhancing long-term domestic institutional capacities;

16. Encourages the Global Environment Facility to continue to track, review and report on the sustainability of project outcomes from the Least Developed Countries Fund and the Special Climate Change Fund;

17. Welcomes the initial assessment of the accreditation pilot and notes its conclusions;<sup>8</sup>

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<sup>7</sup> Available at <<http://www.gefief.org/sites/default/files/ieo/council-documents/ldcf-sccf-20-me-02.pdf>>.

<sup>8</sup> Contained in Global Environment Facility documents GEF/C.50/07 and

18. Requests the Global Environment Facility, as an operating entity of the Financial Mechanism of the Convention, in light of the entry into force of the Paris Agreement, to continue streamlining project approval processes and providing enhanced support, including enabling activities, to developing country Parties, including the least developed countries and small island developing States, as appropriate, in the context of national climate strategies and plans;

19. Welcomes the successful roll-out of the non-grant instrument pilot and encourages further expansion of the pilot with a view to increasing the leverage and impact of Global Environment Facility financing;

20. Invites Parties to submit via the submission portal<sup>9</sup> annually, no later than 10 weeks prior to each session of the Conference of the Parties, their views and recommendations on the elements to be taken into account in developing guidance to the Global Environment Facility;

21. Requests the Standing Committee on Finance to take into consideration the submissions referred to in paragraph 20 above when providing draft guidance to the Global Environment Facility for consideration by the Conference of the Parties;

22. Also requests the Global Environment Facility to include in its annual report to the Conference of the Parties information on the steps that it has taken to implement the guidance provided to it in this decision.

*10<sup>th</sup> plenary meeting  
18 November 2016*

## **Decision 12/CP.22**

*(FCCC/CP/2016/10/Add.1)*

### **Sixth review of the Financial Mechanism**

*The Conference of the Parties,*

*Recalling* decisions 3/CP.4, 2/CP.12, 6/CP.13, 2/CP.16, 8/CP.19, 9/CP.20 and 1/CP.21,

*Recognizing* that the review of the Financial Mechanism should inform the replenishment processes of the operating entities of the Financial Mechanism,

1. *Decides* to adopt the updated guidelines for the sixth review of the Financial Mechanism contained in the annex;
2. *Requests* the Standing Committee on Finance to provide, in its report to the twenty-third session of the Conference of the Parties (November 2017), expert input to the sixth review of the Financial Mechanism, with a view to the review being finalized by the Conference of the Parties at its twenty-third session;
3. *Invites* Parties, observers and other interested international organizations, stakeholders and non-governmental organizations involved in the activities of the operating entities of the Financial Mechanism to submit, by 30 April 2017, their views on the sixth review of the Financial Mechanism based on the guidelines contained in the annex, for consideration by the Standing Committee on Finance in preparing its expert input to the review.<sup>1</sup>

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<sup>1</sup> Parties should submit their views via the submission portal at <<http://www.unfccc.int/5900>>. Observers and other stakeholders should e-mail their submissions to <[secretariat@unfccc.int](mailto:secretariat@unfccc.int)>.

## **Updated guidelines for the sixth review of the Financial Mechanism**

### **A. Objectives**

1. In accordance with Article 11, paragraph 4, of the Convention, the objectives of the sixth review of the Financial Mechanism will be as follows:

(a) To review the Financial Mechanism and take appropriate measures regarding:

(i) Its conformity with the provisions of Article 11 of the Convention and the guidance provided by the Conference of the Parties (COP);

(ii) The effectiveness of the activities it funds in implementing the Convention;

(iii) Its effectiveness in providing financial resources on a grant or concessional basis, including for the transfer of technology, for the implementation of the Convention's objective on the basis of the guidance provided by the COP;

(iv) Its effectiveness in providing resources to developing country Parties under Article 4, paragraph 3, of the Convention;

(v) The effectiveness of access modalities for developing countries;

(b) To examine consistency and complementarity between the operating entities of the Financial Mechanism, and between the operating entities of the Financial Mechanism and other sources of investment and financial flows, including:

(i) Examining relevant sources, channels and means of financing, as indicated in Article 11, paragraph 5, of the Convention, that would assist developing country Parties to contribute to the achievement of the objective of the Convention, in particular innovative means of financing, such as for the development of endogenous technologies in developing countries;

(ii) Examining the role of the Financial Mechanism in scaling up the level of resources;

(iii) Assessing enabling environments for catalysing investment in, and the transfer of, environmentally sound technologies that mitigate greenhouse gas emissions, and for enhancing resilience to climate change.

## **B. Sources of information**

2. The review shall draw upon, inter alia, the following sources of information:

(a) Information provided by Parties on their experiences regarding financial support provided and received in accordance with COP decisions;

(b) Annual guidance provided by the COP to the operating entities of the Financial Mechanism with regard to the conformity of their activities with the guidance provided by the COP;

(c) The annual reports of the Standing Committee on Finance (SCF) to the COP on its activities and relevant technical information produced by the committee such as the biennial assessments and overview of climate finance flows and outcomes of the SCF forums;

(d) The annual reports of the Global Environment Facility (GEF) to the COP on its activities as an operating entity of the Financial Mechanism, including the information on the Least Developed Countries Fund and the Special Climate Change Fund, and other relevant GEF policy and information documents;

(e) The reports from the GEF Independent Evaluation Office;

(f) The annual reports of the Board of the Green Climate Fund (GCF) to the COP on its activities as an operating entity of the Financial Mechanism and other relevant GCF policy and information documents;

(g) The reports of the Adaptation Fund Board to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol and the outcomes of the reviews of the Adaptation Fund;

(h) The outcomes and reports of the United Nations processes, relevant bilateral and multilateral funding institutions and other intergovernmental and non-governmental organizations dealing with climate financing;



- (i) Relevant reports on private-sector financing and investment for climate change activities;
- (j) Technical papers and reports prepared by the secretariat at the request of the COP which are relevant to the financial needs of developing country Parties under the Convention;
- (k) Information contained in the national communications of Parties to the Convention, technology needs assessments and national adaptation programmes of action;
- (l) The reports of the in-session workshops on long-term finance;
- (m) The biennial submissions from developed country Parties on their updated strategies and approaches for scaling up climate finance from 2014 to 2020, including any available information on quantitative and qualitative elements of a pathway;
- (n) The reports of the Least Developed Countries Expert Group and the Consultative Group of Experts on National Communications from Parties not included in Annex I to the Convention.

## C. Criteria

3. The effectiveness of the Financial Mechanism will be assessed taking into account the following:
- (a) The transparency of the decision-making processes of the operating entities of the Financial Mechanism;
  - (b) The level of stakeholder involvement;
  - (c) The extent to which the Financial Mechanism is contributing to gender-sensitive approaches;
  - (d) The adequacy and predictability, accessibility and timeliness and rate of disbursement of funds for activities in developing country Parties, including projects in the pipeline;
  - (e) The responsiveness, efficiency and performance of the cycle for project/programme approval procedures of the operating entities of the Financial Mechanism;
  - (f) The amount of resources provided to developing country Parties, including financing for technical assistance and investment projects, and the mechanisms for country allocation, as well as the results and impacts achieved by the resources provided;

(g) The amount of finance leveraged, and modalities and ratios of co-financing and the use of financial instruments where applicable;

(h) The extent to which the resources provided are contributing to achieving the objective of the Convention;

(i) The sustainability of funded programmes, projects and operations in developing country Parties;

(j) The extent to which the Financial Mechanism is contributing to the country ownership of programmes and projects.

*10<sup>th</sup> plenary meeting  
18 November 2016*



**Decision 13/CP.22**  
(FCCC/CP/2016/10/Add.1)

**Initiation of a process to identify the  
information to be provided by Parties in  
accordance with Article 9, paragraph 5,  
of the Paris Agreement**

*The Conference of the Parties,*

*Recalling* Article 9, paragraphs 1, 3 and 5, of the Paris Agreement,

*Also recalling* decision 1/CP.21, paragraph 55,

*Further recalling* decision 3/CP.19, paragraph 10,

*Having initiated* the process to identify the information to be provided by Parties in accordance with Article 9, paragraph 5, of the Paris Agreement,

1. Recalls that developed country Parties shall biennially communicate indicative quantitative and qualitative information related to Article 9, paragraphs 1 and 3, of the Paris Agreement, as applicable, including, as available, projected levels of public financial resources to be provided to developing country Parties, and that other Parties providing resources are encouraged to communicate biennially such information on a voluntary basis;<sup>1</sup>
2. Requests the secretariat to organize a round-table discussion among Parties on this matter in conjunction with the forty-sixth sessions of the subsidiary bodies (May 2017);
3. Also requests the secretariat to prepare a summary report of the round-table discussion referred to in paragraph 2 above for consideration by the Conference of the Parties at its twenty-third session (November 2017);
4. Agrees to advance work on this matter at its twenty-third session, with a view to providing a recommendation on information to be provided by Parties in accordance with Article 9, paragraph 5, of the Paris Agreement for consideration and adoption by the

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<sup>1</sup> Article 9, paragraph 5, of the Paris Agreement.

Conference of the Parties serving as the meeting of the Parties to the Paris Agreement at its first session;

5. *Takes* note of the estimated budgetary implications of the activities to be undertaken by the secretariat pursuant to the provisions contained in paragraphs 2 and 3 above;

6. Requests that the actions of the secretariat called for in this decision be undertaken subject to the availability of financial resources.

*10th plenary meeting  
18 November 2016*

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**Decision 14/CP.22**  
(FCCC/CP/2016/10/Add.1)

**Linkages between the Technology Mechanism  
and the Financial Mechanism of the  
Convention**

*The Conference of the Parties,*

*Recalling* decisions 1/CP.18, paragraph 62, and 13/CP.21,

*Emphasizing* the importance of financial resources at all stages of the technology cycle, including at the early stages, in order to enable Parties to enhance their mitigation and adaptation action,

1. *Welcomes with appreciation* the progress made by the Technology Executive Committee, the Climate Technology Centre and Network and the operating entities of the Financial Mechanism in further elaborating the linkages between the Technology Mechanism and the Financial Mechanism, including through an in-session workshop;<sup>1</sup>
2. *Welcomes* the decision of the Board of the Green Climate Fund to hold annual meetings between the Green Climate Fund and the constituted bodies under the Convention, including the Technology Executive Committee and the Climate Technology Centre and Network, and its invitation to the Chairs of those bodies to its 14<sup>th</sup> meeting;
3. *Encourages* the Board of the Green Climate Fund to continue to invite the Chairs of the Technology Executive Committee and the Advisory Board of the Climate Technology Centre and Network to future meetings of the Board of the Green Climate Fund on issues of common interest in order to strengthen the existing linkages between the Technology Mechanism and the Financial Mechanism;
4. *Welcomes* the increased engagement between the Green Climate Fund and the Climate Technology Centre and Network, particularly with respect to utilizing the Readiness and Preparatory Support Programme and the Project Preparation Facility of the fund, noting the potential of such engagement in supporting developing

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<sup>1</sup> See annex I to document FCCC/SB/2016/1 and document FCCC/CP/2016/7/Rev.1 and Add.1.

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country Parties to build their capacity for implementing technology projects and programmes;

5. *Notes with appreciation* the progress made by the Green Climate Fund in response to decision 13/CP.21 regarding support for facilitating access to environmentally sound technologies in developing country Parties and for undertaking collaborative research and development for enabling developing country Parties to enhance their mitigation and adaptation action;<sup>2</sup>

6. *Invites* Green Climate Fund national designated authorities and focal points to use the support available to them under the Readiness and Preparatory Support Programme to, inter alia, conduct technology needs assessments and develop technology action plans;

7. *Also invites* developing country Parties to develop and submit technology-related projects, including those resulting from technology needs assessments and from the technical assistance of the Climate Technology Centre and Network, to the operating entities of the Financial Mechanism for implementation, in accordance with their respective policies and processes;

8. *Encourages* the Technology Executive Committee, the Climate Technology Centre and Network and the operating entities of the Financial Mechanism to enhance the involvement of relevant stakeholders as they undertake actions to strengthen the linkages between the Technology Mechanism and the Financial Mechanism;

9. *Invites* the Technology Executive Committee, the Climate Technology Centre and Network and the operating entities of the Financial Mechanism to provide information on their actions in strengthening the linkages between the Technology Mechanism and the Financial Mechanism in their annual reports to the Conference of the Parties for guidance on further actions if needed;

10. *Agrees* to continue its consideration of this matter at its twenty-fourth session (December 2018).

*9<sup>th</sup> plenary meeting  
17 November 2016*

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<sup>2</sup> Green Climate Fund Board decision B.14/02. Available at <http://www.greenclimate.fund/boardroom/board-meetings/documents>.





## Decision 1/CMP.12

(FCCC/KP/CMP/2016/8/Add.1)

### Third Review of the Adaptation Fund

*The Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol,*

*Recalling* decisions 1/CMP.3 and 6/CMP.6 on the three-year review cycle for the Adaptation Fund,

*Also recalling* decisions 2/CMP.9 and 2/CMP.10,

*Further recalling* decision 1/CP.21,

1. *Decides* that the third review of the Adaptation Fund will be undertaken in accordance with the terms of reference contained in the annex;
2. *Requests* the Adaptation Fund Board to make available in its report to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol at its thirteenth session (November 2017) information on the financial status of the Adaptation Fund with a view to the third review of the Adaptation Fund being finalized at the same session;
3. *Invites* Parties and observer organizations, as well as other interested international organizations, stakeholders and non-governmental organizations involved in the activities of the Adaptation Fund and implementing entities accredited by the Adaptation Fund Board, to submit by 30 April 2017 their views on the third review of the Adaptation Fund based on the terms of reference contained in the annex, for consideration by the Subsidiary Body for Implementation at its forty-sixth session (May 2017);<sup>1</sup>
4. *Requests* the secretariat, in collaboration with the Adaptation Fund Board secretariat, to prepare a technical paper on the third review of the Adaptation Fund, in accordance with the terms of reference contained in the annex, taking into account the deliberations and conclusions of the Subsidiary Body for

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<sup>1</sup> Parties should submit their views via the submissions portal at <<http://www.unfccc.int/5900>>. Observer organizations should e-mail their submissions to <[secretariat@unfccc.int](mailto:secretariat@unfccc.int)>.

Implementation at its forty-sixth session and the views referred to in paragraph 3 above, for consideration by the Subsidiary Body for Implementation at its forty-seventh session (November 2017);

5. *Also requests* the Subsidiary Body for Implementation to complete its work on the third review of the Adaptation Fund at its forty-seventh session with a view to recommending a draft decision on the matter for consideration and adoption by the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol at its thirteenth session.



## **Annex**

### **Terms of reference for the third review of the Adaptation Fund**

#### **I. Objective**

1. The objective of the third review of the Adaptation Fund is to ensure the effectiveness, sustainability and adequacy of the fund and its operations with a view to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol (CMP) adopting a decision on the matter at CMP 13 (November 2017).

#### **II. Scope**

2. The scope of the review will cover the progress made to date and lessons learned in the operationalization and implementation of the fund and will focus on, inter alia:

a. The provision of sustainable, predictable and adequate financial resources and the mobilization of financial resources to fund concrete adaptation projects and programmes that are country-driven and based on the needs, views and priorities of eligible developing country Parties;

b. Lessons learned from:

i. The application of the access modalities of the Adaptation Fund, including its operational policies and guidelines, including its Streamlined Accreditation Process;

ii. The project approval procedures of the Adaptation Fund;

iii. The results and impacts of approved adaptation projects and programmes;

iv. The readiness programme for direct access to climate finance, including the component aimed at increasing South–South cooperation between accredited national implementing entities and those seeking accreditation;

v. The pilot programme for regional projects;

c. Programming and project coherence and complementarity between the Adaptation Fund and other institutions funding adaptation projects and programmes, in particular institutions under the Convention and the operating entities of the Financial Mechanism and its specialized funds;

d. The institutional arrangements for the Adaptation Fund, in particular the arrangements with the interim secretariat and the interim trustee.

### **III. Sources of information**

3. The review shall draw upon, inter alia, the following sources of information:

(a) Submissions from Parties to the Kyoto Protocol, observer organizations, other interested international organizations, stakeholders and non-governmental organizations involved in the activities of the Adaptation Fund and implementing entities accredited by the Adaptation Fund Board on their experiences regarding the Adaptation Fund;

(b) The annual reports of the Global Environment Facility (GEF) to the Conference of the Parties (COP) on its activities as an operating entity of the Financial Mechanism, including the information on the Least Developed Countries Fund and the Special Climate Change Fund, and other relevant GEF policy, information and evaluation documents;

(c) The annual reports of the Green Climate Fund (GCF) to the COP on its activities as an operating entity of the Financial Mechanism and other relevant GCF policy and information documents;

(d) The report of the Adaptation Fund Board to the CMP, the Adaptation Fund annual performance report for the most recent fiscal year and the outcomes of the initial and second reviews of the Adaptation Fund;

(e) The outcomes and reports emanating from United Nations processes, relevant bilateral and multilateral funding institutions and other intergovernmental and non-governmental organizations dealing with climate change financing;

(f) The reports of the Standing Committee on Finance;

(g) The reports on the work programme on long-term finance;<sup>1</sup>

(h) The reports of the Least Developed Countries Expert Group, the Adaptation Committee and the Consultative Group of Experts on National Communications from Parties not included in Annex I to the Convention;

(i) The technical paper and summary for policymakers arising from the technical examination process on adaptation in 2016;

(j) The report on the independent evaluation of the Adaptation Fund (stage 1).<sup>2</sup>

*9<sup>th</sup> plenary meeting  
17 November 2016*

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<sup>1</sup> FCCC/CP/2012/3 and FCCC/CP/2013/7.

<sup>2</sup> Available at <[https://www.adaptation-fund.org/wp-content/uploads/2015/09/AFB.EFC\\_.17.3-Evaluation-of-the-Fund-stage-I.pdf](https://www.adaptation-fund.org/wp-content/uploads/2015/09/AFB.EFC_.17.3-Evaluation-of-the-Fund-stage-I.pdf)>.

## Decision 2/CMP.12

(FCCC/KP/CMP/2016/8/Add.1)

### Report of the Adaptation Fund Board

*The Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol,*

*Recalling* decisions 1/CMP.3, 2/CMP.10 and 1/CMP.11,

*Also recalling* decision 1/CP.21,

*Noting* the annual report of the Adaptation Fund Board,<sup>1</sup>

1. *Notes* the following information, actions and decisions relating to the Adaptation Fund contained in the report of the Adaptation Fund Board and the oral report provided by the Chair of the Adaptation Fund Board in November 2016:

(a) The accreditation of 25 national implementing entities that can access resources from the Adaptation Fund directly, including 4 entities accredited during the reporting period, and the accreditation of 6 regional implementing entities, including 2 accredited during the reporting period;

(b) Cumulative project and programme approvals reaching USD 358 million as at 9 November 2016;

(c) Funds available for new funding approvals amounting to USD 230.5 million as at 17 November 2016;

(d) The approval of six project/programme proposals, totalling USD 36.8 million, submitted by implementing entities, including four proposals submitted by national implementing entities totalling USD 19.2 million;

(e) The cumulative receipts of USD 546.9 million into the Adaptation Trust Fund;

(f) The institutionalization of the readiness programme for direct access as a permanent component of the Adaptation Fund's operations and the approval of South–South cooperation grants for Guinea, Malawi, Sierra Leone and Zimbabwe totalling USD 242,347, and technical assistance grants for Benin, Costa Rica, Micronesia (the Federated States of), Panama, Senegal and South Africa totalling USD 118,000;

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<sup>1</sup> FCCC/KP/CMP/2016/2.

(g) The endorsement of the first concepts and pre-concepts under the pilot programme for regional projects/programmes, as well as the decision of the Adaptation Fund Board to extend the opportunity to submit regional proposals beyond the pilot programme;

(h) The approval of the gender policy and action plan of the Adaptation Fund;

(i) The ongoing discussion on linkages between the Adaptation Fund and the Green Climate Fund;

(j) The fact that, in the light of the early entry into force of the Paris Agreement, the timelines given in paragraphs 59 and 60 of decision 1/CP.21 and paragraphs 8 and 9 of decision 1/CMP.11 may not align;

2. *Decides* to renew the interim institutional arrangements with the Global Environment Facility as the interim secretariat of the Adaptation Fund Board for an additional three years, from 30 May 2017 to 30 May 2020;

3. *Also decides* to restate the terms and conditions of the services to be provided by the International Bank for Reconstruction and Development (the World Bank) as the interim trustee of the Adaptation Fund and to extend the term of the trustee's services for an additional three years, from 30 May 2017 to 30 May 2020;

4. Welcomes the financial pledges and contributions made to the Adaptation Fund by the Governments of Germany, Italy, Sweden and the Flemish and Walloon Regions of Belgium, amounting to USD 81 million;

5. Takes note of the resource mobilization strategy of the Adaptation Fund Board;

6. Notes with concern issues related to the sustainability, adequacy and predictability of funding for the Adaptation Fund based on the current uncertainty on the prices of certified emission reductions, assigned amount units and emission reduction units;

7. *Notes* that the scale of funding required for projects in the active pipeline is estimated to be of the scale of USD 233.5 million and that the current available funds for new projects amount to USD 230.5 million, resulting in a current funding gap of USD 3 million;



8. Encourages developed country Parties to scale up financial resources for the implementation of adaptation projects in the active pipeline of the Adaptation Fund;

9. Also encourages the provision of voluntary support that is additional to the share of proceeds from clean development mechanism project activities in order to support the resource mobilization efforts of the Adaptation Fund Board, with a view to strengthening the Adaptation Fund;

10. Further encourages the Adaptation Fund Board, in implementing its resource mobilization strategy, to further consider all potential sources of funding;

11. Encourages the Adaptation Fund Board to continue its consideration of linkages between the Adaptation Fund and other funds, including the Green Climate Fund, and to report on its findings to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol at its thirteenth session (November 2017);

12. Highlights the findings of the first stage of an independent overall evaluation of the Adaptation Fund,<sup>2</sup> including that:

(a) The Adaptation Fund has pioneered several issues related to adaptation finance and is meeting developing countries' needs, including those related to direct access;

(b) The design of the Adaptation Fund and its operational processes are efficient and largely coherent with guidance under the Convention and national adaptation priorities;

(c) The Adaptation Fund has allowed countries to advance the implementation of important measures at the national and subnational levels, with links to national policymaking;

(d) The policies adopted by the Adaptation Fund have created a solid foundation for operational success;

13. *Takes note* of the information provided by the Adaptation Fund Board on the added value of the Adaptation Fund for the operationalization of the Paris Agreement, as contained in the addendum to annex I to the report of the Adaptation Fund Board;

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<sup>2</sup> Available at <<https://www.adaptation-fund.org/document/independent-evaluation-of-the-adaptation-fund-first-phase-evaluation-report/>>.

14. *Invites* the Conference of the Parties to bring the information referred to in paragraph 13 above to the attention of the Ad Hoc Working Group on the Paris Agreement.

*9<sup>th</sup> plenary meeting  
17 November 2016*

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## Decision 1/CP.21

(FCCC/CP/2015/10/Add.1)

### Adoption of the Paris Agreement

*The Conference of the Parties,*

*Recalling* decision 1/CP.17 on the establishment of the Ad Hoc Working Group on the Durban Platform for Enhanced Action,

*Also recalling* Articles 2, 3 and 4 of the Convention,

*Further recalling relevant* decisions of the Conference of the Parties, including decisions 1/CP.16, 2/CP.18, 1/CP.19 and 1/CP.20,

*Welcoming* the adoption of United Nations General Assembly resolution A/RES/70/1, “Transforming our world: the 2030 Agenda for Sustainable Development”, in particular its goal 13, and the adoption of the Addis Ababa Action Agenda of the third International Conference on Financing for Development and the adoption of the Sendai Framework for Disaster Risk Reduction,

*Recognizing* that climate change represents an urgent and potentially irreversible threat to human societies and the planet and thus requires the widest possible cooperation by all countries, and their participation in an effective and appropriate international response, with a view to accelerating the reduction of global greenhouse gas emissions,

*Also recognizing* that deep reductions in global emissions will be required in order to achieve the ultimate objective of the Convention and *emphasizing* the need for urgency in addressing climate change,

*Acknowledging* that climate change is a common concern of humankind, Parties should, when taking action to address climate change, respect, promote and consider their respective obligations on human rights, the right to health, the rights of indigenous peoples, local communities, migrants, children, persons with disabilities and people in vulnerable situations and the right to development, as well as gender equality, empowerment of women and intergenerational equity,

*Also acknowledging* the specific needs and concerns of developing country Parties arising from the impact of the implementation of response measures and, in this regard, decisions 5/CP.7, 1/CP.10, 1/CP.16 and 8/CP.17,

*Emphasizing* with serious concern the urgent need to address the significant gap between the aggregate effect of Parties' mitigation pledges in terms of global annual emissions of greenhouse gases by 2020 and aggregate emission pathways consistent with holding the increase in the global average temperature to well below 2 °C above pre-industrial levels and pursuing efforts to limit the temperature increase to 1.5 °C above pre-industrial levels,

*Also emphasizing* that enhanced pre-2020 ambition can lay a solid foundation for enhanced post-2020 ambition,

*Stressing* the urgency of accelerating the implementation of the Convention and its Kyoto Protocol in order to enhance pre-2020 ambition,

*Recognizing* the urgent need to enhance the provision of finance, technology and capacity-building support by developed country Parties, in a predictable manner, to enable enhanced pre-2020 action by developing country Parties,

*Emphasizing* the enduring benefits of ambitious and early action, including major reductions in the cost of future mitigation and adaptation efforts,

*Acknowledging* the need to promote universal access to sustainable energy in developing countries, in particular in Africa, through the enhanced deployment of renewable energy,

*Agreeing* to uphold and promote regional and international cooperation in order to mobilize stronger and more ambitious climate action by all Parties and non-Party stakeholders, including civil society, the private sector, financial institutions, cities and other subnational authorities, local communities and indigenous peoples,

## **I. Adoption**

3. *Decides* to adopt the Paris Agreement under the United Nations Framework Convention on Climate Change (hereinafter referred to as “the Agreement”) as contained in the annex;

4. *Requests* the Secretary-General of the United Nations to be the Depositary of the Agreement and to have it open for signature in New York, United States of America, from 22 April 2016 to 21 April 2017;

5. *Invites* the Secretary-General to convene a high-level signature ceremony for the Agreement on 22 April 2016;

6. *Also invites* all Parties to the Convention to sign the Agreement at the ceremony to be convened by the Secretary-General, or at their earliest opportunity, and to deposit their respective instruments of ratification, acceptance, approval or accession, where appropriate, as soon as possible;
7. *Recognizes* that Parties to the Convention may provisionally apply all of the provisions of the Agreement pending its entry into force, and *requests* Parties to provide notification of any such provisional application to the Depositary;
8. *Notes* that the work of the Ad Hoc Working Group on the Durban Platform for Enhanced Action, in accordance with decision 1/CP.17, paragraph 4, has been completed;
9. *Decides* to establish the Ad Hoc Working Group on the Paris Agreement under the same arrangement, mutatis mutandis, as those concerning the election of officers to the Bureau of the Ad Hoc Working Group on the Durban Platform for Enhanced Action;<sup>1</sup>
10. *Also decides* that the Ad Hoc Working Group on the Paris Agreement shall prepare for the entry into force of the Agreement and for the convening of the first session of the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement;
11. *Further decides* to oversee the implementation of the work programme resulting from the relevant requests contained in this decision;
12. *Requests* the Ad Hoc Working Group on the Paris Agreement to report regularly to the Conference of the Parties on the progress of its work and to complete its work by the first session of the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement;
13. *Decides* that the Ad Hoc Working Group on the Paris Agreement shall hold its sessions starting in 2016 in conjunction with the sessions of the Convention subsidiary bodies and shall prepare draft decisions to be recommended through the Conference of the Parties to the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement for consideration and adoption at its first session;

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<sup>1</sup> Endorsed by decision 2/CP.18, paragraph 2.

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## II. Intended nationally determined contributions

14. *Welcomes* the intended nationally determined contributions that have been communicated by Parties in accordance with decision 1/CP.19, paragraph 2(b);

15. *Reiterates* its invitation to all Parties that have not yet done so to communicate to the secretariat their intended nationally determined contributions towards achieving the objective of the Convention as set out in its Article 2 as soon as possible and well in advance of the twenty-second session of the Conference of the Parties (November 2016) and in a manner that facilitates the clarity, transparency and understanding of the intended nationally determined contributions;

16. *Requests* the secretariat to continue to publish the intended nationally determined contributions communicated by Parties on the UNFCCC website;

17. *Reiterates* its call to developed country Parties, the operating entities of the Financial Mechanism and any other organizations in a position to do so to provide support for the preparation and communication of the intended nationally determined contributions of Parties that may need such support;

18. *Takes note* of the synthesis report on the aggregate effect of intended nationally determined contributions communicated by Parties by 1 October 2015, contained in document FCCC/CP/2015/7;

19. *Notes with concern* that the estimated aggregate greenhouse gas emission levels in 2025 and 2030 resulting from the intended nationally determined contributions do not fall within least-cost 2 °C scenarios but rather lead to a projected level of 55 gigatonnes in 2030, and *also notes* that much greater emission reduction efforts will be required than those associated with the intended nationally determined contributions in order to hold the increase in the global average temperature to below 2 °C above pre-industrial levels by reducing emissions to 40 gigatonnes or to 1.5 °C above pre-industrial levels by reducing to a level to be identified in the special report referred to in paragraph 21 below;

20. *Further notes*, in this context, the adaptation needs expressed by many developing country Parties in their intended nationally determined contributions;

21. *Requests* the secretariat to update the synthesis report referred to in paragraph 16 above so as to cover all the information in the intended nationally determined contributions communicated by

Parties pursuant to decision 1/CP.20 by 4 April 2016 and to make it available by 2 May 2016;

22. *Decides* to convene a facilitative dialogue among Parties in 2018 to take stock of the collective efforts of Parties in relation to progress towards the long-term goal referred to in Article 4, paragraph 1, of the Agreement and to inform the preparation of nationally determined contributions pursuant to Article 4, paragraph 8, of the Agreement;

23. *Invites* the Intergovernmental Panel on Climate Change to provide a special report in 2018 on the impacts of global warming of 1.5 °C above pre-industrial levels and related global greenhouse gas emission pathways;

### **III. Decisions to give effect to the Agreement**

#### Mitigation

24. *Also invites* Parties to communicate their first nationally determined contribution no later than when the Party submits its respective instrument of ratification, acceptance, approval or accession of the Paris Agreement; if a Party has communicated an intended nationally determined contribution prior to joining the Agreement, that Party shall be considered to have satisfied this provision unless that Party decides otherwise;

25. *Requests* those Parties whose intended nationally determined contribution pursuant to decision 1/CP.20 contains a time frame up to 2025 to communicate by 2020 a new nationally determined contribution and to do so every five years thereafter pursuant to Article 4, paragraph 9, of the Agreement;

26. *Also requests* those Parties whose intended nationally determined contribution pursuant to decision 1/CP.20 contains a time frame up to 2030 to communicate or update by 2020 these contributions and to do so every five years thereafter pursuant to Article 4, paragraph 9, of the Agreement;

27. *Decides* that Parties shall submit to the secretariat their nationally determined contributions referred to in Article 4 of the Agreement at least 9 to 12 months in advance of the relevant session of the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement with a view to facilitating the clarity, transparency and understanding of these contributions, including through a synthesis report prepared by the secretariat;

28. *Requests* the Ad Hoc Working Group on the Paris Agreement to develop further guidance on features of the nationally determined contributions for consideration and adoption by the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement at its first session;

29. *Agrees* that the information to be provided by Parties communicating their nationally determined contributions, in order to facilitate clarity, transparency and understanding, may include, as appropriate, inter alia, quantifiable information on the reference point (including, as appropriate, a base year), time frames and/or periods for implementation, scope and coverage, planning processes, assumptions and methodological approaches including those for estimating and accounting for anthropogenic greenhouse gas emissions and, as appropriate, removals, and how the Party considers that its nationally determined contribution is fair and ambitious, in the light of its national circumstances, and how it contributes towards achieving the objective of the Convention as set out in its Article 2;

30. *Requests* the Ad Hoc Working Group on the Paris Agreement to develop further guidance for the information to be provided by Parties in order to facilitate clarity, transparency and understanding of nationally determined contributions for consideration and adoption by the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement at its first session;

31. *Also requests* the Subsidiary Body for Implementation to develop modalities and procedures for the operation and use of the public registry referred to in Article 4, paragraph 12, of the Agreement, for consideration and adoption by the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement at its first session;

32. *Further requests* the secretariat to make available an interim public registry in the first half of 2016 for the recording of nationally determined contributions submitted in accordance with Article 4 of the Agreement, pending the adoption by the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement of the modalities and procedures referred to in paragraph 29 above;

33. *Requests* the Ad Hoc Working Group on the Paris Agreement to elaborate, drawing from approaches established under the Convention and its related legal instruments as appropriate, guidance for accounting for Parties' nationally determined contributions, as referred to in Article 4, paragraph 13, of the Agreement, for consideration and adoption by the Conference of the Parties serving



as the meeting of the Parties to the Paris Agreement at its first session, which ensures that:

(a) Parties account for anthropogenic emissions and removals in accordance with methodologies and common metrics assessed by the Intergovernmental Panel on Climate Change and adopted by the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement;

(b) Parties ensure methodological consistency, including on baselines, between the communication and implementation of nationally determined contributions;

(c) Parties strive to include all categories of anthropogenic emissions or removals in their nationally determined contributions and, once a source, sink or activity is included, continue to include it;

(d) Parties shall provide an explanation of why any categories of anthropogenic emissions or removals are excluded;

34. *Decides* that Parties shall apply the guidance referred to in paragraph 31 above to the second and subsequent nationally determined contributions and that Parties may elect to apply such guidance to their first nationally determined contribution;

35. *Also decides* that the forum on the impact of the implementation of response measures, under the subsidiary bodies, shall continue, and shall serve the Agreement;

36. *Further decides* that the Subsidiary Body for Scientific and Technological Advice and the Subsidiary Body for Implementation shall recommend, for consideration and adoption by the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement at its first session, the modalities, work programme and functions of the forum on the impact of the implementation of response measures to address the effects of the implementation of response measures under the Agreement by enhancing cooperation amongst Parties on understanding the impacts of mitigation actions under the Agreement and the exchange of information, experiences, and best practices amongst Parties to raise their resilience to these impacts;

37. *Invites* Parties to communicate, by 2020, to the secretariat mid-century, long-term low greenhouse gas emission development strategies in accordance with Article 4, paragraph 19, of the Agreement, and *requests* the secretariat to publish on the UNFCCC website Parties' low greenhouse gas emission development strategies as communicated;

36. *Requests* the Subsidiary Body for Scientific and Technological Advice to develop and recommend the guidance referred to under Article 6, paragraph 2, of the Agreement for consideration and adoption by the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement at its first session, including guidance to ensure that double counting is avoided on the basis of a corresponding adjustment by Parties for both anthropogenic emissions by sources and removals by sinks covered by their nationally determined contributions under the Agreement;

37. *Recommends* that the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement adopt rules, modalities and procedures for the mechanism established by Article 6, paragraph 4, of the Agreement on the basis of:

(a) Voluntary participation authorized by each Party involved;

(b) Real, measurable, and long-term benefits related to the mitigation of climate change;

(c) Specific scopes of activities;

(d) Reductions in emissions that are additional to any that would otherwise occur;

(e) Verification and certification of emission reductions resulting from mitigation activities by designated operational entities;

(f) Experience gained with and lessons learned from existing mechanisms and approaches adopted under the Convention and its related legal instruments;

38. *Requests* the Subsidiary Body for Scientific and Technological Advice to develop and recommend rules, modalities and procedures for the mechanism referred to in paragraph 37 above for consideration and adoption by the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement at its first session;

39. *Also requests* the Subsidiary Body for Scientific and Technological Advice to undertake a work programme under the framework for non-market approaches to sustainable development referred to in Article 6, paragraph 8, of the Agreement, with the objective of considering how to enhance linkages and create synergy between, inter alia, mitigation, adaptation, finance, technology transfer and capacity-building, and how to facilitate the implementation and coordination of non-market approaches;

40. *Further requests* the Subsidiary Body for Scientific and Technological Advice to recommend a draft decision on the work programme referred to in paragraph 39 above, taking into account the views of Parties, for consideration and adoption by the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement at its first session;

#### Adaptation

41. *Requests* the Adaptation Committee and the Least Developed Countries Expert Group to jointly develop modalities to recognize the adaptation efforts of developing country Parties, as referred to in Article 7, paragraph 3, of the Agreement, and make recommendations for consideration and adoption by the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement at its first session;

42. *Also requests* the Adaptation Committee, taking into account its mandate and its second three-year workplan, and with a view to preparing recommendations for consideration and adoption by the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement at its first session:

(a) To review, in 2017, the work of adaptation-related institutional arrangements under the Convention, with a view to identifying ways to enhance the coherence of their work, as appropriate, in order to respond adequately to the needs of Parties;

(b) To consider methodologies for assessing adaptation needs with a view to assisting developing country Parties, without placing an undue burden on them;

43. *Invites* all relevant United Nations agencies and international, regional and national financial institutions to provide information to Parties through the secretariat on how their development assistance and climate finance programmes incorporate climate-proofing and climate resilience measures;

44. *Requests* Parties to strengthen regional cooperation on adaptation where appropriate and, where necessary, establish regional centres and networks, in particular in developing countries, taking into account decision 1/CP.16, paragraph 30;

45. *Also requests* the Adaptation Committee and the Least Developed Countries Expert Group, in collaboration with the Standing Committee on Finance and other relevant institutions, to develop methodologies, and make recommendations for consideration and adoption by the Conference of the Parties serving

as the meeting of the Parties to the Paris Agreement at its first session on:

(a) Taking the necessary steps to facilitate the mobilization of support for adaptation in developing countries in the context of the limit to global average temperature increase referred to in Article 2 of the Agreement;

(b) Reviewing the adequacy and effectiveness of adaptation and support referred to in Article 7, paragraph 14(c), of the Agreement;

46. *Further requests* the Green Climate Fund to expedite support for the least developed countries and other developing country Parties for the formulation of national adaptation plans, consistent with decisions 1/CP.16 and 5/CP.17, and for the subsequent implementation of policies, projects and programmes identified by them;

#### Loss and damage

47. Decides on the continuation of the Warsaw International Mechanism for Loss and Damage associated with Climate Change Impacts, following the review in 2016;

48. Requests the Executive Committee of the Warsaw International Mechanism to establish a clearing house for risk transfer that serves as a repository for information on insurance and risk transfer, in order to facilitate the efforts of Parties to develop and implement comprehensive risk management strategies;

49. Also requests the Executive Committee of the Warsaw International Mechanism to establish, according to its procedures and mandate, a task force to complement, draw upon the work of and involve, as appropriate, existing bodies and expert groups under the Convention including the Adaptation Committee and the Least Developed Countries Expert Group, as well as relevant organizations and expert bodies outside the Convention, to develop recommendations for integrated approaches to avert, minimize and address displacement related to the adverse impacts of climate change;

50. Further requests the Executive Committee of the Warsaw International Mechanism to initiate its work, at its next meeting, to operationalize the provisions referred to in paragraphs 48 and 49 above, and to report on progress thereon in its annual report;

51. Agrees that Article 8 of the Agreement does not involve or provide a basis for any liability or compensation;

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Finance

52. *Decides* that, in the implementation of the Agreement, financial resources provided to developing country Parties should enhance the implementation of their policies, strategies, regulations and action plans and their climate change actions with respect to both mitigation and adaptation to contribute to the achievement of the purpose of the Agreement as defined in its Article 2;

53. *Also decides* that, in accordance with Article 9, paragraph 3, of the Agreement, developed countries intend to continue their existing collective mobilization goal through 2025 in the context of meaningful mitigation actions and transparency on implementation; prior to 2025 the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement shall set a new collective quantified goal from a floor of USD 100 billion per year, taking into account the needs and priorities of developing countries;

54. *Recognizes* the importance of adequate and predictable financial resources, including for results-based payments, as appropriate, for the implementation of policy approaches and positive incentives for reducing emissions from deforestation and forest degradation, and the role of conservation, sustainable management of forests and enhancement of forest carbon stocks; as well as alternative policy approaches, such as joint mitigation and adaptation approaches for the integral and sustainable management of forests; while reaffirming the importance of non-carbon benefits associated with such approaches; encouraging the coordination of support from, inter alia, public and private, bilateral and multilateral sources, such as the Green Climate Fund, and alternative sources in accordance with relevant decisions by the Conference of the Parties;

55. *Decides* to initiate, at its twenty-second session, a process to identify the information to be provided by Parties, in accordance with Article 9, paragraph 5, of the Agreement with a view to providing a recommendation for consideration and adoption by the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement at its first session;

56. *Also decides* to ensure that the provision of information in accordance with Article 9, paragraph 7, of the Agreement shall be undertaken in accordance with the modalities, procedures and guidelines referred to in paragraph 91 below;

57. *Requests* the Subsidiary Body for Scientific and Technological Advice to develop modalities for the accounting of financial resources provided and mobilized through public

interventions in accordance with Article 9, paragraph 7, of the Agreement for consideration by the Conference of the Parties at its twenty-fourth session (November 2018), with a view to making a recommendation for consideration and adoption by the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement at its first session;

58. *Decides* that the Green Climate Fund and the Global Environment Facility, the entities entrusted with the operation of the Financial Mechanism of the Convention, as well as the Least Developed Countries Fund and the Special Climate Change Fund, administered by the Global Environment Facility, shall serve the Agreement;

59. *Recognizes* that the Adaptation Fund may serve the Agreement, subject to relevant decisions by the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol and the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement;

60. *Invites* the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol to consider the issue referred to in paragraph 59 above and make a recommendation to the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement at its first session;

61. *Recommends* that the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement shall provide guidance to the entities entrusted with the operation of the Financial Mechanism of the Convention on the policies, programme priorities and eligibility criteria related to the Agreement for transmission by the Conference of the Parties;

62. *Decides* that the guidance to the entities entrusted with the operations of the Financial Mechanism of the Convention in relevant decisions of the Conference of the Parties, including those agreed before adoption of the Agreement, shall apply *mutatis mutandis* to the Agreement;

63. *Also decides* that the Standing Committee on Finance shall serve the Agreement in line with its functions and responsibilities established under the Conference of the Parties;

64. *Urges* the institutions serving the Agreement to enhance the coordination and delivery of resources to support country-driven strategies through simplified and efficient application and approval procedures, and through continued readiness support to developing

country Parties, including the least developed countries and small island developing States, as appropriate;

Technology development and transfer

65. *Takes note of* the interim report of the Technology Executive Committee on guidance on enhanced implementation of the results of technology needs assessments as contained in document FCCC/SB/2015/INF.3;

66. *Decides* to strengthen the Technology Mechanism and *requests* the Technology Executive Committee and the Climate Technology Centre and Network, in supporting the implementation of the Agreement, to undertake further work relating to, inter alia:

(a) Technology research, development and demonstration;

(b) The development and enhancement of endogenous capacities and technologies;

67. *Requests* the Subsidiary Body for Scientific and Technological Advice to initiate, at its forty-fourth session (May 2016), the elaboration of the technology framework established under Article 10, paragraph 4, of the Agreement and to report on its findings to the Conference of the Parties, with a view to the Conference of the Parties making a recommendation on the framework to the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement for consideration and adoption at its first session, taking into consideration that the framework should facilitate, inter alia:

(a) The undertaking and updating of technology needs assessments, as well as the enhanced implementation of their results, particularly technology action plans and project ideas, through the preparation of bankable projects;

(b) The provision of enhanced financial and technical support for the implementation of the results of the technology needs assessments;

(c) The assessment of technologies that are ready for transfer;

(d) The enhancement of enabling environments for and the addressing of barriers to the development and transfer of socially and environmentally *sound technologies*;

68. *Decides* that the Technology Executive Committee and the Climate Technology Centre and Network shall report to the Conference of the Parties serving as the meeting of the Parties to the

Paris Agreement, through the subsidiary bodies, on their activities to support the implementation of the Agreement;

69. *Also decides* to undertake a periodic assessment of the effectiveness and adequacy of the support provided to the Technology Mechanism in supporting the implementation of the Agreement on matters relating to technology development and transfer;

70. *Requests the* Subsidiary Body for Implementation to initiate, at its forty-fourth session, the elaboration of the scope of and modalities for the periodic assessment referred to in paragraph 69 above, taking into account the review of the Climate Technology Centre and Network as referred to in decision 2/CP.17, annex VII, paragraph 20, and the modalities for the global stocktake referred to in Article 14 of the Agreement, for consideration and adoption by the Conference of the Parties at its twenty-fifth session (November 2019);

#### Capacity-building

71. *Decides* to establish the Paris Committee on Capacity-building whose aim will be to address gaps and needs, both current and emerging, in implementing capacity-building in developing country Parties and further enhancing capacity-building efforts, including with regard to coherence and coordination in capacity-building activities under the Convention;

72. *Also decides* that the Paris Committee on Capacity-building will manage and oversee the workplan referred to in paragraph 73 below;

73. *Further decides* to launch a workplan for the period 2016–2020 with the following activities:

(a) Assessing how to increase synergies through cooperation and avoid duplication among existing bodies established under the Convention that implement capacity-building activities, including through collaborating with institutions under and outside the Convention;

(b) Identifying capacity gaps and needs and recommending ways to address them;

(c) Promoting the development and dissemination of tools and methodologies for the implementation of capacity-building;

(d) Fostering global, regional, national and subnational cooperation;



(e) Identifying and collecting good practices, challenges, experiences and lessons learned from work on capacity-building by bodies established under the Convention;

(f) Exploring how developing country Parties can take ownership of building and *maintaining capacity over time and space*;

(g) Identifying opportunities to strengthen capacity at the national, regional and subnational level;

(h) Fostering dialogue, coordination, collaboration and coherence among relevant processes and initiatives under the Convention, including through exchanging information on capacity-building activities and strategies of bodies established under the Convention;

(i) Providing guidance to the secretariat on the maintenance and further development of the web-based capacity-building portal;

74. *Decides* that the Paris Committee on Capacity-building will annually focus on an area or theme related to enhanced technical exchange on capacity-building, with the purpose of maintaining up-to-date knowledge on the successes and challenges in building capacity effectively in a particular area;

75. *Requests* the Subsidiary Body for Implementation to organize annual in-session meetings of the Paris Committee on Capacity-building;

76. *Also requests* the Subsidiary Body for Implementation to develop the terms of reference for the Paris Committee on Capacity-building, in the context of the third comprehensive review of the implementation of the capacity-building framework, also taking into account paragraphs 71–75 above and paragraphs 79 and 80 below, with a view to recommending a draft decision on this matter for consideration and adoption by the Conference of the Parties at its twenty-second session;

77. *Invites* Parties to submit their views on the membership of the Paris Committee on Capacity-building by 9 March 2016;<sup>2</sup>

78. *Requests* the secretariat to compile the submissions referred to in paragraph 77 above into a miscellaneous document for consideration by the Subsidiary Body for Implementation at its forty-fourth session;

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<sup>2</sup> Parties should submit their views via the submissions portal at <<http://www.unfccc.int/5900>>.

79. *Decides* that the inputs to the Paris Committee on Capacity-building will include, inter alia, submissions, the outcome of the third comprehensive review of the implementation of the capacity-building framework, the secretariat's annual synthesis report on the implementation of the framework for capacity-building in developing countries, the secretariat's compilation and synthesis report on capacity-building work of bodies established under the Convention and its Kyoto Protocol, and reports on the Durban Forum and the capacity-building portal;

80. *Requests* the Paris Committee on Capacity-building to prepare annual technical progress reports on its work, and to make these reports available at the sessions of the Subsidiary Body for Implementation coinciding with the sessions of the Conference of the Parties;

81. *Decides*, at its twenty-fifth session, to review the progress, need for extension, the effectiveness and enhancement of the Paris Committee on Capacity-building and to take any action it considers appropriate, with a view to making recommendations to the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement at its first session on enhancing institutional arrangements for capacity-building consistent with Article 11, paragraph 5, of the Agreement;

82. *Calls upon* all Parties to ensure that education, training and public awareness, as reflected in Article 6 of the Convention and in Article 12 of the Agreement, are adequately considered in their contribution to capacity-building;

83. *Invites* the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement, at its first session, to explore ways of enhancing the implementation of training, public awareness, public participation and public access to information so as to enhance actions under the Agreement;

#### Transparency of action and support

84. *Decides* to establish a Capacity-building Initiative for Transparency in order to build institutional and technical capacity, both pre- and post-2020; this initiative will support developing country Parties, upon request, in meeting enhanced transparency requirements as defined in Article 13 of the Agreement in a timely manner;

85. *Also decides* that the Capacity-building Initiative for Transparency will aim:

- 
- (a) To strengthen national institutions for transparency-related activities in line with national priorities;
  - (b) To provide relevant tools, training and assistance for meeting the provisions stipulated in Article 13 of the Agreement;
  - (c) To assist in the improvement of transparency over time;

86. *Urges and requests* the Global Environment Facility to make arrangements to support the establishment and operation of the Capacity-building Initiative for Transparency as a priority reporting-related need, including through voluntary contributions to support developing country Parties in the sixth replenishment of the Global Environment Facility and future replenishment cycles, to complement existing support under the Global Environment Facility;

87. *Decides* to assess the implementation of the Capacity-building Initiative for Transparency in the context of the seventh review of the Financial Mechanism;

88. *Requests* that the Global Environment Facility, as an operating entity of the Financial Mechanism, include in its annual report to the Conference of the Parties the progress of work in the design, development and implementation of the Capacity-building Initiative for Transparency referred to in paragraph 84 above starting in 2016;

89. *Decides* that, in accordance with Article 13, paragraph 2, of the Agreement, developing country Parties shall be provided flexibility in the implementation of the provisions of that Article, including in the scope, frequency and level of detail of reporting, and in the scope of review, and that the scope of review could provide for in-country reviews to be optional, while such flexibilities shall be reflected in the development of modalities, procedures and guidelines referred to in paragraph 91 below;

90. *Also decides* that all Parties, except for the least developed country Parties and small island developing States, shall submit the information referred to in Article 13, paragraphs 7, 8, 9 and 10, of the Agreement, as appropriate, no less frequently than on a biennial basis, and that the least developed country Parties and small island developing States may submit this information at their discretion;

91. *Requests* the Ad Hoc Working Group on the Paris Agreement to develop recommendations for modalities, procedures and guidelines in accordance with Article 13, paragraph 13, of the Agreement, and to define the year of their first and subsequent review and update, as appropriate, at regular intervals, for

consideration by the Conference of the Parties, at its twenty-fourth session, with a view to forwarding them to the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement for consideration and adoption at its first session;

92. *Also requests* the Ad Hoc Working Group on the Paris Agreement, in developing the recommendations for the modalities, procedures and guidelines referred to in paragraph 91 above, to take into account, inter alia:

(a) The importance of facilitating improved reporting and transparency over time;

(b) The need to provide flexibility to those developing country Parties that need it in the light of their capacities;

(c) The need to promote transparency, accuracy, completeness, consistency and comparability;

(d) The need to avoid duplication as well as undue burden on Parties and the secretariat;

(e) The need to ensure that Parties maintain at least the frequency and quality of reporting in accordance with their respective obligations under the Convention;

(f) The need to ensure that double counting is avoided;

(g) The need to ensure environmental integrity;

93. *Further requests* the Ad Hoc Working Group on the Paris Agreement, in developing the modalities, procedures and guidelines referred to in paragraph 91 above, to draw on the experiences from and take into account other ongoing relevant processes under the Convention;

94. *Requests* the Ad Hoc Working Group on the Paris Agreement, in developing the modalities, procedures and guidelines referred to in paragraph 91 above, to consider, inter alia:

(a) The types of flexibility available to those developing country Parties that need it on the basis of their capacities;

(b) The consistency between the methodology communicated in the nationally determined contribution and the methodology for reporting on progress made towards achieving individual Parties' respective nationally determined contribution;

(c) That Parties report information on adaptation action and planning including, if appropriate, their national adaptation plans,

with a view to collectively exchanging information and sharing lessons learned;

(d) Support provided, enhancing delivery of support for both adaptation and mitigation through, inter alia, the common tabular formats for reporting support, and taking into account issues considered by the Subsidiary Body for Scientific and Technological Advice on methodologies for reporting on financial information, and enhancing the reporting by developing country Parties on support received, including the use, impact and estimated results thereof;

(e) Information in the biennial assessments and other reports of the Standing Committee on Finance and other relevant bodies under the Convention;

(f) Information on the social and economic impact of response measures;

95. *Also requests* the Ad Hoc Working Group on the Paris Agreement, in developing recommendations for the modalities, procedures and guidelines referred to in paragraph 91 above, to enhance the transparency of support provided in accordance with Article 9 of the Agreement;

96. *Further requests* the Ad Hoc Working Group on the Paris Agreement to report on the progress of work on the modalities, procedures and guidelines referred to in paragraph 91 above to future sessions of the Conference of the Parties, and that this work be concluded no later than 2018;

97. *Decides* that the modalities, procedures and guidelines developed under paragraph 91 above shall be applied upon the entry into force of the Paris Agreement;

98. *Also decides* that the modalities, procedures and guidelines of this transparency framework shall build upon and eventually supersede the measurement, reporting and verification system established by decision 1/CP.16, paragraphs 40–47 and 60–64, and decision 2/CP.17, paragraphs 12–62, immediately following the submission of the final biennial reports and biennial update reports;

#### Global stocktake

99. *Requests* the Ad Hoc Working Group on the Paris Agreement to identify the sources of input for the global stocktake referred to in Article 14 of the Agreement and to report to the Conference of the Parties, with a view to the Conference of the Parties making a recommendation to the Conference of the Parties serving as the

meeting of the Parties to the Paris Agreement for consideration and adoption at its first session, including, but not limited to:

- (a) Information on:
  - (i) The overall effect of the nationally determined contributions communicated by Parties;
  - (ii) The state of adaptation efforts, support, experiences and priorities from the communications referred to in Article 7, paragraphs 10 and 11, of the Agreement, and reports referred to in Article 13, paragraph 8, of the Agreement;
  - (iii) The mobilization and provision of support;
- (b) The latest reports of the Intergovernmental Panel on Climate Change;
- (c) Reports of the subsidiary bodies;

100. *Also requests* the Subsidiary Body for Scientific and Technological Advice to provide advice on how the assessments of the Intergovernmental Panel on Climate Change can inform the global stocktake of the implementation of the Agreement pursuant to its Article 14 and to report on this matter to the Ad Hoc Working Group on the Paris Agreement at its second session;

101. *Further requests* the Ad Hoc Working Group on the Paris Agreement to develop modalities for the global stocktake referred to in Article 14 of the Agreement and to report to the Conference of the Parties, with a view to the Conference of the Parties making a recommendation to the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement for consideration and adoption at its first session;

#### Facilitating implementation and compliance

102. *Decides* that the committee referred to in Article 15, paragraph 2, of the Agreement shall consist of 12 members with recognized competence in relevant scientific, technical, socioeconomic or legal fields, to be elected by the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement on the basis of equitable geographical representation, with two members each from the five regional groups of the United Nations and one member each from the small island developing States and the least developed countries, while taking into account the goal of gender balance;

103. *Requests* the Ad Hoc Working Group on the Paris Agreement to develop the modalities and procedures for the effective operation

of the committee referred to in Article 15, paragraph 2, of the Agreement, with a view to the Ad Hoc Working Group on the Paris Agreement completing its work on such modalities and procedures for consideration and adoption by the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement at its first session;

#### Final clauses

104. *Also requests* the secretariat, solely for the purposes of Article 21 of the Agreement, to make available on its website on the date of adoption of the Agreement as well as in the report of the Conference of the Parties on its twenty-first session, information on the most up-to-date total and per cent of greenhouse gas emissions communicated by Parties to the Convention in their national communications, greenhouse gas inventory reports, biennial reports or biennial update reports;

### **IV. Enhanced action prior to 2020**

105. *Resolves* to ensure the highest possible mitigation efforts in the pre-2020 period, including by:

(a) Urging all Parties to the Kyoto Protocol that have not already done so to ratify and implement the Doha Amendment to the Kyoto Protocol;

(b) Urging all Parties that have not already done so to make and implement a mitigation pledge under the Cancun Agreements;

(c) Reiterating its resolve, as set out in decision 1/CP.19, paragraphs 3 and 4, to accelerate the full implementation of the decisions constituting the agreed outcome pursuant to decision 1/CP.13 and enhance ambition in the pre-2020 period in order to ensure the highest possible mitigation efforts under the Convention by all Parties;

(d) Inviting developing country Parties that have not submitted their first biennial update reports to do so as soon as possible;

(e) Urging all Parties to participate in the existing measurement, reporting and verification processes under the Cancun Agreements, in a timely manner, with a view to demonstrating progress made in the implementation of their mitigation pledges;

106. *Encourages* Parties to promote the voluntary cancellation by Party and non-Party stakeholders, without double counting, of units issued under the Kyoto Protocol, including certified emission reductions that are valid for the second commitment period;

107. *Urges* host and purchasing Parties to report transparently on internationally transferred mitigation outcomes, including outcomes used to meet international pledges, and emission units issued under the Kyoto Protocol with a view to promoting environmental integrity and avoiding double counting;

108. *Recognizes* the social, economic and environmental value of voluntary mitigation actions and their co-benefits for adaptation, health and sustainable development;

109. *Resolves* to strengthen, in the period 2016–2020, the existing technical examination process on mitigation as defined in decision 1/CP.19, paragraph 5(a), and decision 1/CP.20, paragraph 19, taking into account the latest scientific knowledge, including by:

(a) Encouraging Parties, Convention bodies and international organizations to engage in this process, including, as appropriate, in cooperation with relevant non-Party stakeholders, to share their experiences and suggestions, including from regional events, and to cooperate in facilitating the implementation of policies, practices and actions identified during this process in accordance with national sustainable development priorities;

(b) Striving to improve, in consultation with Parties, access to and participation in this process by developing country Party and non-Party experts;

(c) Requesting the Technology Executive Committee and the Climate Technology Centre and Network in accordance with their respective mandates:

(i) To engage in the technical expert meetings and enhance their efforts to facilitate and support Parties in scaling up the implementation of policies, practices and actions identified during this process;

(ii) To provide regular updates during the technical expert meetings on the progress made in facilitating the implementation of policies, practices and actions previously identified during this process;

(iii) To include information on their activities under this process in their joint annual report to the Conference of the Parties;



(d) Encouraging Parties to make effective use of the Climate Technology Centre and Network to obtain assistance to develop economically, environmentally and socially viable project proposals in the high mitigation potential areas identified in this process;

110. *Encourages* the operating entities of the Financial Mechanism of the Convention to engage in the technical expert meetings and to inform participants of their contribution to facilitating progress in the implementation of policies, practices and actions identified during the technical examination process;

111. *Requests* the secretariat to organize the process referred to in paragraph 109 above and disseminate its results, including by:

(a) Organizing, in consultation with the Technology Executive Committee and relevant expert organizations, regular technical expert meetings focusing on specific policies, practices and actions representing best practices and with the potential to be scalable and replicable;

(b) Updating, on an annual basis, following the meetings referred to in paragraph 111(a) above and in time to serve as input to the summary for policymakers referred to in paragraph 111(c) below, a technical paper on the mitigation benefits and co-benefits of policies, practices and actions for enhancing mitigation ambition, as well as on options for supporting their implementation, information on which should be made available in a user-friendly online format;

(c) Preparing, in consultation with the champions referred to in paragraph 121 below, a summary for policymakers, with information on specific policies, practices and actions representing best practices and with the potential to be scalable and replicable, and on options to support their implementation, as well as on relevant collaborative initiatives, and publishing the summary at least two months in advance of each session of the Conference of the Parties as input for the high-level event referred to in paragraph 120 below;

112. *Decides* that the process referred to in paragraph 109 above should be organized jointly by the Subsidiary Body for Implementation and the Subsidiary Body for Scientific and Technological Advice and should take place on an ongoing basis until 2020;

113. *Also decides* to conduct in 2017 an assessment of the process referred to in paragraph 109 above so as to improve its effectiveness;

114. *Resolves* to enhance the provision of urgent and adequate finance, technology and capacity-building support by developed country Parties in order to enhance the level of ambition of pre-2020 action by Parties, and in this regard *strongly urges* developed country Parties to scale up their level of financial support, with a concrete road map to achieve the goal of jointly providing USD 100 billion annually by 2020 for mitigation and adaptation while significantly increasing adaptation finance from current levels and to further provide appropriate technology and capacity-building support;

115. *Decides* to conduct a facilitative dialogue in conjunction with the twenty-second session of the Conference of the Parties to assess the progress in implementing decision 1/CP.19, paragraphs 3 and 4, and identify relevant opportunities to enhance the provision of financial resources, including for technology development and transfer, and capacity-building support, with a view to identifying ways to enhance the ambition of mitigation efforts by all Parties, including identifying relevant opportunities to enhance the provision and mobilization of support and enabling environments;

116. *Acknowledges* with appreciation the results of the Lima-Paris Action Agenda, which build on the climate summit convened on 23 September 2014 by the Secretary-General of the United Nations;

117. *Welcomes* the efforts of non-Party stakeholders to scale up their climate actions, and *encourages* the registration of those actions in the Non-State Actor Zone for Climate Action platform;<sup>3</sup>

118. *Encourages* Parties to work closely with non-Party stakeholders to catalyse efforts to strengthen mitigation and adaptation action;

119. *Also encourages* non-Party stakeholders to increase their engagement in the processes referred to in paragraph 109 above and paragraph 124 below;

120. *Agrees* to convene, pursuant to decision 1/CP.20, paragraph 21, building on the Lima-Paris Action Agenda and in conjunction with each session of the Conference of the Parties during the period 2016–2020, a high-level event that:

(a) Further strengthens high-level engagement on the implementation of policy options and actions arising from the processes referred to in paragraph 109 above and paragraph 124 below, drawing on the summary for policymakers referred to in paragraph 111(c) above;

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<sup>3</sup> <<http://climateaction.unfccc.int/>>.

(b) Provides an opportunity for announcing new or strengthened voluntary efforts, initiatives and coalitions, including the implementation of policies, practices and actions arising from the processes referred to in paragraph 109 above and paragraph 124 below and presented in the summary for policymakers referred to in paragraph 111(c) above;

(c) Takes stock of related progress and recognizes new or strengthened voluntary efforts, initiatives and coalitions;

(d) Provides meaningful and regular opportunities for the effective high-level engagement of dignitaries of Parties, international organizations, international cooperative initiatives and non-Party stakeholders;

121. *Decides* that two high-level champions shall be appointed to act on behalf of the President of the Conference of the Parties to facilitate through strengthened high-level engagement in the period 2016–2020 the successful execution of existing efforts and the scaling-up and introduction of new or strengthened voluntary efforts, initiatives and coalitions, including by:

(a) Working with the Executive Secretary and the current and incoming Presidents of the Conference of the Parties to coordinate the annual high-level event referred to in paragraph 120 above;

(b) Engaging with interested Parties and non-Party stakeholders, including to further the voluntary initiatives of the Lima-Paris Action Agenda;

(c) Providing guidance to the secretariat on the organization of technical expert meetings referred to in paragraph 111(a) above and paragraph 129(a) below;

122. *Also decides* that the high-level champions referred to in paragraph 121 above should normally serve for a term of two years, with their terms overlapping for a full year to ensure continuity, such that:

(a) The President of the twenty-first session of the Conference of the Parties should appoint one champion, who should serve for one year from the date of the appointment until the last day of the twenty-second session of the Conference of the Parties;

(b) The President of the twenty-second session of the Conference of the Parties should appoint one champion who should serve for two years from the date of the appointment until the last day of the twenty-third session of the Conference of the Parties (November 2017);

(c) Thereafter, each subsequent President of the Conference of the Parties should appoint one champion who should serve for two years and succeed the previously appointed champion whose term has ended;

123. *Invites* all interested Parties and relevant organizations to provide support for the work of the champions referred to in paragraph 121 above;

124. *Decides* to launch, in the period 2016–2020, a technical examination process on adaptation;

125. *Also decides* that the process referred to in paragraph 124 above will endeavour to identify concrete opportunities for strengthening resilience, reducing vulnerabilities and increasing the understanding and implementation of adaptation actions;

126. *Further decides* that the process referred to in paragraph 124 above should be organized jointly by the Subsidiary Body for Implementation and the Subsidiary Body for Scientific and Technological Advice, and conducted by the Adaptation Committee;

127. *Decides* that the process referred to in paragraph 124 above will be pursued by:

(a) Facilitating the sharing of good practices, experiences and lessons learned;

(b) Identifying actions that could significantly enhance the implementation of adaptation actions, including actions that could enhance economic diversification and have mitigation co-benefits;

(c) Promoting cooperative action on adaptation;

(d) Identifying opportunities to strengthen enabling environments and enhance the provision of support for adaptation in the context of specific policies, practices and actions;

128. *Also decides* that the technical examination process on adaptation referred to in paragraph 124 above will take into account the process, modalities, outputs, outcomes and lessons learned from the technical examination process on mitigation referred to in paragraph 109 above;

129. *Requests* the secretariat to support the process referred to in paragraph 124 above by:

(a) Organizing regular technical expert meetings focusing on specific policies, strategies and actions;

(b) Preparing annually, on the basis of the meetings referred to in paragraph 129(a) above and in time to serve as an input to the summary for policymakers referred to in paragraph 111(c) above, a technical paper on opportunities to enhance adaptation action, as well as options to support their implementation, information on which should be made available in a user-friendly online format;

130. *Decides* that in conducting the process referred to in paragraph 124 above, the Adaptation Committee will engage with and explore ways to take into account, synergize with and build on the existing arrangements for adaptation-related work programmes, bodies and institutions under the Convention so as to ensure coherence and maximum value;

131. *Also decides* to conduct, in conjunction with the assessment referred to in paragraph 113 above, an assessment of the process referred to in paragraph 124 above, so as to improve its effectiveness;

132. *Invites* Parties and observer organizations to submit information on the opportunities referred to in paragraph 125 above by 3 February 2016;

## V. Non-Party stakeholders

133. *Welcomes* the efforts of all non-Party stakeholders to address and respond to climate change, including those of civil society, the private sector, financial institutions, cities and other subnational authorities;

134. *Invites* the non-Party stakeholders referred to in paragraph 133 above to scale up their efforts and support actions to reduce emissions and/or to build resilience and decrease vulnerability to the adverse effects of climate change and demonstrate these efforts via the Non-State Actor Zone for Climate Action platform<sup>4</sup> referred to in paragraph 117 above;

135. *Recognizes* the need to strengthen knowledge, technologies, practices and efforts of local communities and indigenous peoples related to addressing and responding to climate change, and *establishes* a platform for the exchange of experiences and sharing of best practices on mitigation and adaptation in a holistic and integrated manner;

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<sup>4</sup> <<http://climateaction.unfccc.int/>>.

136. *Also recognizes* the important role of providing incentives for emission reduction activities, including tools such as domestic policies and carbon pricing;

## **VI. Administrative and budgetary matters**

137. *Takes note* of the estimated budgetary implications of the activities to be undertaken by the secretariat referred to in this decision and *requests* that the actions of the secretariat called for in this decision be undertaken subject to the availability of financial resources;

138. *Emphasizes* the urgency of making additional resources available for the implementation of the relevant actions, including actions referred to in this decision, and the implementation of the work programme referred to in paragraph 9 above;

139. *Urges* Parties to make voluntary contributions for the timely implementation of this decision.

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## Annex

### Paris Agreement

*The Parties to this Agreement,*

*Being Parties to the United Nations Framework Convention on Climate Change, hereinafter referred to as “the Convention”,*

*Pursuant to the Durban Platform for Enhanced Action established by decision 1/CP.17 of the Conference of the Parties to the Convention at its seventeenth session,*

*In pursuit of the objective of the Convention, and being guided by its principles, including the principle of equity and common but differentiated responsibilities and respective capabilities, in the light of different national circumstances,*

*Recognizing the need for an effective and progressive response to the urgent threat of climate change on the basis of the best available scientific knowledge,*

*Also recognizing the specific needs and special circumstances of developing country Parties, especially those that are particularly vulnerable to the adverse effects of climate change, as provided for in the Convention,*

*Taking full account of the specific needs and special situations of the least developed countries with regard to funding and transfer of technology,*

*Recognizing that Parties may be affected not only by climate change, but also by the impacts of the measures taken in response to it,*

*Emphasizing the intrinsic relationship that climate change actions, responses and impacts have with equitable access to sustainable development and eradication of poverty,*

*Recognizing the fundamental priority of safeguarding food security and ending hunger, and the particular vulnerabilities of food production systems to the adverse impacts of climate change,*

*Taking into account the imperatives of a just transition of the workforce and the creation of decent work and quality jobs in accordance with nationally defined development priorities,*

*Acknowledging that climate change is a common concern of humankind, Parties should, when taking action to address climate change, respect, promote and consider their respective obligations on*

human rights, the right to health, the rights of indigenous peoples, local communities, migrants, children, persons with disabilities and people in vulnerable situations and the right to development, as well as gender equality, empowerment of women and intergenerational equity,

*Recognizing* the importance of the conservation and enhancement, as appropriate, of sinks and reservoirs of the greenhouse gases referred to in the Convention,

*Noting* the importance of ensuring the integrity of all ecosystems, including oceans, and the protection of biodiversity, recognized by some cultures as Mother Earth, and noting the importance for some of the concept of “climate justice”, when taking action to address climate change,

*Affirming* the importance of education, training, public awareness, public participation, public access to information and cooperation at all levels on the matters addressed in this Agreement,

*Recognizing* the importance of the engagements of all levels of government and various actors, in accordance with respective national legislations of Parties, in addressing climate change,

*Also recognizing* that sustainable lifestyles and sustainable patterns of consumption and production, with developed country Parties taking the lead, play an important role in addressing climate change,

Have agreed as follows:

### **Article 1**

For the purpose of this Agreement, the definitions contained in Article 1 of the Convention shall apply. In addition:

1. “Convention” means the United Nations Framework Convention on Climate Change, adopted in New York on 9 May 1992;
2. “Conference of the Parties” means the Conference of the Parties to the Convention;
3. “Party” means a Party to this Agreement.

### **Article 2**

1. This Agreement, in enhancing the implementation of the Convention, including its objective, aims to strengthen the global response to the threat of climate change, in the context of sustainable development and efforts to eradicate poverty, including by:



(a) Holding the increase in the global average temperature to well below 2 °C above pre-industrial levels and pursuing efforts to limit the temperature increase to 1.5 °C above pre-industrial levels, recognizing that this would significantly reduce the risks and impacts of climate change;

(b) Increasing the ability to adapt to the adverse impacts of climate change and foster climate resilience and low greenhouse gas emissions development, in a manner that does not threaten food production; and

(c) Making finance flows consistent with a pathway towards low greenhouse gas emissions and climate-resilient development.

2. This Agreement will be implemented to reflect equity and the principle of common but differentiated responsibilities and respective capabilities, in the light of different national circumstances.

### **Article 3**

As nationally determined contributions to the global response to climate change, all Parties are to undertake and communicate ambitious efforts as defined in Articles 4, 7, 9, 10, 11 and 13 with the view to achieving the purpose of this Agreement as set out in Article 2. The efforts of all Parties will represent a progression over time, while recognizing the need to support developing country Parties for the effective implementation of this Agreement.

### **Article 4**

11. In order to achieve the long-term temperature goal set out in Article 2, Parties aim to reach global peaking of greenhouse gas emissions as soon as possible, recognizing that peaking will take longer for developing country Parties, and to undertake rapid reductions thereafter in accordance with best available science, so as to achieve a balance between anthropogenic emissions by sources and removals by sinks of greenhouse gases in the second half of this century, on the basis of equity, and in the context of sustainable development and efforts to eradicate poverty.

12. Each Party shall prepare, communicate and maintain successive nationally determined contributions that it intends to achieve. Parties shall pursue domestic mitigation measures, with the aim of achieving the objectives of such contributions.

13. Each Party's successive nationally determined contribution will represent a progression beyond the Party's then current nationally determined contribution and reflect its highest possible ambition, reflecting its common but differentiated responsibilities and respective capabilities, in the light of different national circumstances.

14. Developed country Parties should continue taking the lead by undertaking economy-wide absolute emission reduction targets. Developing country Parties should continue enhancing their mitigation efforts, and are encouraged to move over time towards economy-wide emission reduction or limitation targets in the light of different national circumstances.

15. Support shall be provided to developing country Parties for the implementation of this Article, in accordance with Articles 9, 10 and 11, recognizing that enhanced support for developing country Parties will allow for higher ambition in their actions.

16. The least developed countries and small island developing States may prepare and communicate strategies, plans and actions for low greenhouse gas emissions development reflecting their special circumstances.

17. Mitigation co-benefits resulting from Parties' adaptation actions and/or economic diversification plans can contribute to mitigation outcomes under this Article.

18. In communicating their nationally determined contributions, all Parties shall provide the information necessary for clarity, transparency and understanding in accordance with decision 1/CP.21 and any relevant decisions of the Conference of the Parties serving as the meeting of the Parties to this Agreement.

19. Each Party shall communicate a nationally determined contribution every five years in accordance with decision 1/CP.21 and any relevant decisions of the Conference of the Parties serving as the meeting of the Parties to this Agreement and be informed by the outcomes of the global stocktake referred to in Article 14.

20. The Conference of the Parties serving as the meeting of the Parties to this Agreement shall consider common time frames for nationally determined contributions at its first session.

21. A Party may at any time adjust its existing nationally determined contribution with a view to enhancing its level of ambition, in accordance with guidance adopted by the Conference of the Parties serving as the meeting of the Parties to this Agreement.

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22. Nationally determined contributions communicated by Parties shall be recorded in a public registry maintained by the secretariat.
23. Parties shall account for their nationally determined contributions. In accounting for anthropogenic emissions and removals corresponding to their nationally determined contributions, Parties shall promote environmental integrity, transparency, accuracy, completeness, comparability and consistency, and ensure the avoidance of double counting, in accordance with guidance adopted by the Conference of the Parties serving as the meeting of the Parties to this Agreement.
24. In the context of their nationally determined contributions, when recognizing and implementing mitigation actions with respect to anthropogenic emissions and removals, Parties should take into account, as appropriate, existing methods and guidance under the Convention, in the light of the provisions of paragraph 13 of this Article.
25. Parties shall take into consideration in the implementation of this Agreement the concerns of Parties with economies most affected by the impacts of response measures, particularly developing country Parties.
26. Parties, including regional economic integration organizations and their member States, that have reached an agreement to act jointly under paragraph 2 of this Article shall notify the secretariat of the terms of that agreement, including the emission level allocated to each Party within the relevant time period, when they communicate their nationally determined contributions. The secretariat shall in turn inform the Parties and signatories to the Convention of the terms of that agreement.
27. Each party to such an agreement shall be responsible for its emission level as set out in the agreement referred to in paragraph 16 of this Article in accordance with paragraphs 13 and 14 of this Article and Articles 13 and 15.
28. If Parties acting jointly do so in the framework of, and together with, a regional economic integration organization which is itself a Party to this Agreement, each member State of that regional economic integration organization individually, and together with the regional economic integration organization, shall be responsible for its emission level as set out in the agreement communicated under paragraph 16 of this Article in accordance with paragraphs 13 and 14 of this Article and Articles 13 and 15.

29. All Parties should strive to formulate and communicate long-term low greenhouse gas emission development strategies, mindful of Article 2 taking into account their common but differentiated responsibilities and respective capabilities, in the light of different national circumstances.

### **Article 5**

1. Parties should take action to conserve and enhance, as appropriate, sinks and reservoirs of greenhouse gases as referred to in Article 4, *paragraph 1(d)*, of the Convention, including forests.

2. Parties are encouraged to take action to implement and support, including through results-based payments, the existing framework as set out in related guidance and decisions already agreed under the Convention for: policy approaches and positive incentives for activities relating to reducing emissions from deforestation and forest degradation, and the role of conservation, sustainable management of forests and enhancement of forest carbon stocks in developing countries; and alternative policy approaches, such as joint mitigation and adaptation approaches for the integral and sustainable management of forests, while reaffirming the importance of incentivizing, as appropriate, non-carbon benefits associated with such approaches.

### **Article 6**

1. Parties recognize that some Parties choose to pursue voluntary cooperation in the implementation of their nationally determined contributions to allow for higher ambition in their mitigation and adaptation actions and to promote sustainable development and environmental integrity.

2. Parties shall, where engaging on a voluntary basis in cooperative approaches that involve the use of internationally transferred mitigation outcomes towards nationally determined contributions, promote sustainable development and ensure environmental integrity and transparency, including in governance, and shall apply robust accounting to ensure, inter alia, the avoidance of double counting, consistent with guidance adopted by the Conference of the Parties serving as the meeting of the Parties to this Agreement.

3. The use of internationally transferred mitigation outcomes to achieve nationally determined contributions under this Agreement shall be voluntary and authorized by participating Parties.

4. A mechanism to contribute to the mitigation of greenhouse gas emissions and support sustainable development is hereby established under the authority and guidance of the Conference of the Parties serving as the meeting of the Parties to this Agreement for use by Parties on a voluntary basis. It shall be supervised by a body designated by the Conference of the Parties serving as the meeting of the Parties to this Agreement, and shall aim:

(a) To promote the mitigation of greenhouse gas emissions while fostering sustainable development;

(b) To incentivize and facilitate participation in the mitigation of greenhouse gas emissions by public and private entities authorized by a Party;

(c) To contribute to the reduction of emission levels in the host Party, which will benefit from mitigation activities resulting in emission reductions that can also be used by another Party to fulfil its nationally determined contribution; and

(d) To deliver an overall mitigation in global emissions.

5. Emission reductions resulting from the mechanism referred to in paragraph 4 of this Article shall not be used to demonstrate achievement of the host Party's nationally determined contribution if used by another Party to demonstrate achievement of its nationally determined contribution.

6. The Conference of the Parties serving as the meeting of the Parties to this Agreement shall ensure that a share of the proceeds from activities under the mechanism referred to in paragraph 4 of this Article is used to cover administrative expenses as well as to assist developing country Parties that are particularly vulnerable to the adverse effects of climate change to meet the costs of adaptation.

7. The Conference of the Parties serving as the meeting of the Parties to this Agreement shall adopt rules, modalities and procedures for the mechanism referred to in paragraph 4 of this Article at its first session.

8. Parties recognize the importance of integrated, holistic and balanced non-market approaches being available to Parties to assist in the implementation of their nationally determined contributions, in the context of sustainable development and poverty eradication, in a coordinated and effective manner, including through, inter alia, mitigation, adaptation, finance, technology transfer and capacity-building, as appropriate. These approaches shall aim to:

(a) Promote mitigation and adaptation ambition;

(b) Enhance public and private sector participation in the implementation of nationally determined contributions; and

(c) Enable opportunities for coordination across instruments and relevant institutional arrangements.

9. A framework for non-market approaches to sustainable development is hereby defined to promote the non-market approaches referred to in paragraph 8 of this Article.

### **Article 7**

1. Parties hereby establish the global goal on adaptation of enhancing adaptive capacity, strengthening resilience and reducing vulnerability to climate change, with a view to contributing to sustainable development and ensuring an adequate adaptation response in the context of the temperature goal referred to in Article 2.

2. Parties recognize that adaptation is a global challenge faced by all with local, subnational, national, regional and international dimensions, and that it is a key component of and makes a contribution to the long-term global response to climate change to protect people, livelihoods and ecosystems, taking into account the urgent and immediate needs of those developing country Parties that are particularly vulnerable to the adverse effects of climate change.

3. The adaptation efforts of developing country Parties shall be recognized, in accordance with the modalities to be adopted by the Conference of the Parties serving as the meeting of the Parties to this Agreement at its first session.

4. Parties recognize that the current need for adaptation is significant and that greater levels of mitigation can reduce the need for additional adaptation efforts, and that greater adaptation needs can involve greater adaptation costs.

5. Parties acknowledge that adaptation action should follow a country-driven, gender-responsive, participatory and fully transparent approach, taking into consideration vulnerable groups, communities and ecosystems, and should be based on and guided by the best available science and, as appropriate, traditional knowledge, knowledge of indigenous peoples and local knowledge systems, with a view to integrating adaptation into relevant socioeconomic and environmental policies and actions, where appropriate.

6. Parties recognize the importance of support for and international cooperation on adaptation efforts and the importance of taking into account the needs of developing country Parties,

especially those that are particularly vulnerable to the adverse effects of climate change.

7. Parties should strengthen their cooperation on enhancing action on adaptation, taking into account the Cancun Adaptation Framework, including with regard to:

(a) Sharing information, good practices, experiences and lessons learned, including, as appropriate, as these relate to science, planning, policies and implementation in relation to adaptation actions;

(b) Strengthening institutional arrangements, including those under the Convention that serve this Agreement, to support the synthesis of relevant information and knowledge, and the provision of technical support and guidance to Parties;

(c) Strengthening scientific knowledge on climate, including research, systematic observation of the climate system and early warning systems, in a manner that informs climate services and supports decision-making;

(d) Assisting developing country Parties in identifying effective adaptation practices, adaptation needs, priorities, support provided and received for adaptation actions and efforts, and challenges and gaps, in a manner consistent with encouraging good practices; and

(e) Improving the effectiveness and durability of adaptation actions.

8. United Nations specialized organizations and agencies are encouraged to support the efforts of Parties to implement the actions referred to in paragraph 7 of this Article, taking into account the provisions of paragraph 5 of this Article.

9. Each Party shall, as appropriate, engage in adaptation planning processes and the implementation of actions, including the development or enhancement of relevant plans, policies and/or contributions, which may include:

(a) The implementation of adaptation actions, undertakings and/or efforts;

(b) The process to formulate and implement national adaptation plans;

(c) The assessment of climate change impacts and vulnerability, with a view to formulating nationally determined

prioritized actions, taking into account vulnerable people, places and ecosystems;

(d) Monitoring and evaluating and learning from adaptation plans, policies, programmes and actions; and

(e) Building the resilience of socioeconomic and ecological systems, including through economic diversification and sustainable management of natural resources.

10. Each Party should, as appropriate, submit and update periodically an adaptation communication, which may include its priorities, implementation and support needs, plans and actions, without creating any additional burden for developing country Parties.

11. The adaptation communication referred to in paragraph 10 of this Article shall be, as appropriate, submitted and updated periodically, as a component of or in conjunction with other communications or documents, including a national adaptation plan, a nationally determined contribution as referred to in Article 4, paragraph 2, and/or a national communication.

12. The adaptation communications referred to in paragraph 10 of this Article shall be recorded in a public registry maintained by the secretariat.

13. Continuous and enhanced international support shall be provided to developing country Parties for the implementation of paragraphs 7, 9, 10 and 11 of this Article, in accordance with the provisions of Articles 9, 10 and 11.

14. The global stocktake referred to in Article 14 shall, inter alia:

(a) Recognize adaptation efforts of developing country Parties;

(b) Enhance the implementation of adaptation action taking into account the adaptation communication referred to in paragraph 10 of this Article;

(c) Review the adequacy and effectiveness of adaptation and support provided for adaptation; and

(d) Review the overall progress made in achieving the global goal on adaptation referred to in paragraph 1 of this Article.

## **Article 8**

1. Parties recognize the importance of averting, minimizing and addressing loss and damage associated with the adverse effects of



climate change, including extreme weather events and slow onset events, and the role of sustainable development in reducing the risk of loss and damage.

2. The Warsaw International Mechanism for Loss and Damage associated with Climate Change Impacts shall be subject to the authority and guidance of the Conference of the Parties serving as the meeting of the Parties to this Agreement and may be enhanced and strengthened, as determined by the Conference of the Parties serving as the meeting of the Parties to this Agreement.

3. Parties should enhance understanding, action and support, including through the Warsaw International Mechanism, as appropriate, on a cooperative and facilitative basis with respect to loss and damage associated with the adverse effects of climate change.

4. Accordingly, areas of cooperation and facilitation to enhance understanding, action and support may include:

- (a) Early warning systems;
- (b) Emergency preparedness;
- (c) Slow onset events;
- (d) Events that may involve irreversible and permanent loss and damage;
- (e) Comprehensive risk assessment and management;
- (f) Risk insurance facilities, climate risk pooling and other insurance solutions;
- (g) Non-economic losses; and
- (h) Resilience of communities, livelihoods and ecosystems.

5. The Warsaw International Mechanism shall collaborate with existing bodies and expert groups under the Agreement, as well as relevant organizations and expert bodies outside the Agreement.

## **Article 9**

1. Developed country Parties shall provide financial resources to assist developing country Parties with respect to both mitigation and adaptation in continuation of their existing obligations under the Convention.

2. Other Parties are encouraged to provide or continue to provide such support voluntarily.

3. As part of a global effort, developed country Parties should continue to take the lead in mobilizing climate finance from a wide variety of sources, instruments and channels, noting the significant role of public funds, through a variety of actions, including supporting country-driven strategies, and taking into account the needs and priorities of developing country Parties. Such mobilization of climate finance should represent a progression beyond previous efforts.

4. The provision of scaled-up financial resources should aim to achieve a balance between adaptation and mitigation, taking into account country-driven strategies, and the priorities and needs of developing country Parties, especially those that are particularly vulnerable to the adverse effects of climate change and have significant capacity constraints, such as the least developed countries and small island developing States, considering the need for public and grant-based resources for adaptation.

5. Developed country Parties shall biennially communicate indicative quantitative and qualitative information related to paragraphs 1 and 3 of this Article, as applicable, including, as available, projected levels of public financial resources to be provided to developing country Parties. Other Parties providing resources are encouraged to communicate biennially such information on a voluntary basis.

6. The global stocktake referred to in Article 14 shall take into account the relevant information provided by developed country Parties and/or Agreement bodies on efforts related to climate finance.

7. Developed country Parties shall provide transparent and consistent information on support for developing country Parties provided and mobilized through public interventions biennially in accordance with the modalities, procedures and guidelines to be adopted by the Conference of the Parties serving as the meeting of the Parties to this Agreement, at its first session, as stipulated in Article 13, paragraph 13. Other Parties are encouraged to do so.

8. The Financial Mechanism of the Convention, including its operating entities, shall serve as the financial mechanism of this Agreement.

9. The institutions serving this Agreement, including the operating entities of the Financial Mechanism of the Convention, shall aim to ensure efficient access to financial resources through simplified approval procedures and enhanced readiness support for developing country Parties, in particular for the least developed

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countries and small island developing States, in the context of their national climate strategies and plans.

### **Article 10**

1. Parties share a long-term vision on the importance of fully realizing technology development and transfer in order to improve resilience to climate change and to reduce greenhouse gas emissions.
2. Parties, noting the importance of technology for the implementation of mitigation and adaptation actions under this Agreement and recognizing existing technology deployment and dissemination efforts, shall strengthen cooperative action on technology development and transfer.
3. The Technology Mechanism established under the Convention shall serve this Agreement.
4. A technology framework is hereby established to provide overarching guidance to the work of the Technology Mechanism in promoting and facilitating enhanced action on technology development and transfer in order to support the implementation of this Agreement, in pursuit of the long-term vision referred to in paragraph 1 of this Article.
5. Accelerating, encouraging and enabling innovation is critical for an effective, long-term global response to climate change and promoting economic growth and sustainable development. Such effort shall be, as appropriate, supported, including by the Technology Mechanism and, through financial means, by the Financial Mechanism of the Convention, for collaborative approaches to research and development, and facilitating access to technology, in particular for early stages of the technology cycle, to developing country Parties.
6. Support, including financial support, shall be provided to developing country Parties for the implementation of this Article, including for strengthening cooperative action on technology development and transfer at different stages of the technology cycle, with a view to achieving a balance between support for mitigation and adaptation. The global stocktake referred to in Article 14 shall take into account available information on efforts related to support on technology development and transfer for developing country Parties.

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**Article 11**

1. Capacity-building under this Agreement should enhance the capacity and ability of developing country Parties, in particular countries with the least capacity, such as the least developed countries, and those that are particularly vulnerable to the adverse effects of climate change, such as small island developing States, to take effective climate change action, including, inter alia, to implement adaptation and mitigation actions, and should facilitate technology development, dissemination and deployment, access to climate finance, relevant aspects of education, training and public awareness, and the transparent, timely and accurate communication of information.
2. Capacity-building should be country-driven, based on and responsive to national needs, and foster country ownership of Parties, in particular, for developing country Parties, including at the national, subnational and local levels. Capacity-building should be guided by lessons learned, including those from capacity-building activities under the Convention, and should be an effective, iterative process that is participatory, cross-cutting and gender-responsive.
3. All Parties should cooperate to enhance the capacity of developing country Parties to implement this Agreement. Developed country Parties should enhance support for capacity-building actions in developing country Parties.
4. All Parties enhancing the capacity of developing country Parties to implement this Agreement, including through regional, bilateral and multilateral approaches, shall regularly communicate on these actions or measures on capacity-building. Developing country Parties should regularly communicate progress made on implementing capacity-building plans, policies, actions or measures to implement this Agreement.
5. Capacity-building activities shall be enhanced through appropriate institutional arrangements to support the implementation of this Agreement, including the appropriate institutional arrangements established under the Convention that serve this Agreement. The Conference of the Parties serving as the meeting of the Parties to this Agreement shall, at its first session, consider and adopt a decision on the initial institutional arrangements for capacity-building.

**Article 12**

Parties shall cooperate in taking measures, as appropriate, to enhance climate change education, training, public awareness, public

participation and public access to information, recognizing the importance of these steps with respect to enhancing actions under this Agreement.

### **Article 13**

1. In order to build mutual trust and confidence and to promote effective implementation, an enhanced transparency framework for action and support, with built-in flexibility which takes into account Parties' different capacities and builds upon collective experience is hereby established.

2. The transparency framework shall provide flexibility in the implementation of the provisions of this Article to those developing country Parties that need it in the light of their capacities. The modalities, procedures and guidelines referred to in paragraph 13 of this Article shall reflect such flexibility.

3. The transparency framework shall build on and enhance the transparency arrangements under the Convention, recognizing the special circumstances of the least developed countries and small island developing States, and be implemented in a facilitative, non-intrusive, non-punitive manner, respectful of national sovereignty, and avoid placing undue burden on Parties.

4. The transparency arrangements under the Convention, including national communications, biennial reports and biennial update reports, international assessment and review and international consultation and analysis, shall form part of the experience drawn upon for the development of the modalities, procedures and guidelines under paragraph 13 of this Article.

5. The purpose of the framework for transparency of action is to provide a clear understanding of climate change action in the light of the objective of the Convention as set out in its Article 2, including clarity and tracking of progress towards achieving Parties' individual nationally determined contributions under Article 4, and Parties' adaptation actions under Article 7, including good practices, priorities, needs and gaps, to inform the global stocktake under Article 14.

6. The purpose of the framework for transparency of support is to provide clarity on support provided and received by relevant individual Parties in the context of climate change actions under Articles 4, 7, 9, 10 and 11, and, to the extent possible, to provide a full overview of aggregate financial support provided, to inform the global stocktake under Article 14.

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7. Each Party shall regularly provide the following information:
- (a) A national inventory report of anthropogenic emissions by sources and removals by sinks of greenhouse gases, prepared using good practice methodologies accepted by the Intergovernmental Panel on Climate Change and agreed upon by the Conference of the Parties serving as the meeting of the Parties to this Agreement; and
  - (b) Information necessary to track progress made in implementing and achieving its nationally determined contribution under Article 4.
8. Each Party should also provide information related to climate change impacts and adaptation under Article 7, as appropriate.
9. Developed country Parties shall, and other Parties that provide support should, provide information on financial, technology transfer and capacity-building support provided to developing country Parties under Articles 9, 10 and 11.
10. Developing country Parties should provide information on financial, technology transfer and capacity-building support needed and received under Articles 9, 10 and 11.
11. Information submitted by each Party under paragraphs 7 and 9 of this Article shall undergo a technical expert review, in accordance with decision 1/CP.21. For those developing country Parties that need it in the light of their capacities, the review process shall include assistance in identifying capacity-building needs. In addition, each Party shall participate in a facilitative, multilateral consideration of progress with respect to efforts under Article 9, and its respective implementation and achievement of its nationally determined contribution.
12. The technical expert review under this paragraph shall consist of a consideration of the Party's support provided, as relevant, and its implementation and achievement of its nationally determined contribution. The review shall also identify areas of improvement for the Party, and include a review of the consistency of the information with the modalities, procedures and guidelines referred to in paragraph 13 of this Article, taking into account the flexibility accorded to the Party under paragraph 2 of this Article. The review shall pay particular attention to the respective national capabilities and circumstances of developing country Parties.
13. The Conference of the Parties serving as the meeting of the Parties to this Agreement shall, at its first session, building on

experience from the arrangements related to transparency under the Convention, and elaborating on the provisions in this Article, adopt common modalities, procedures and guidelines, as appropriate, for the transparency of action and support.

14. Support shall be provided to developing countries for the implementation of this Article.

15. Support shall also be provided for the building of transparency-related capacity of developing country Parties on a continuous basis.

#### **Article 14**

1. The Conference of the Parties serving as the meeting of the Parties to this Agreement shall periodically take stock of the implementation of this Agreement to assess the collective progress towards achieving the purpose of this Agreement and its long-term goals (referred to as the “global stocktake”). It shall do so in a comprehensive and facilitative manner, considering mitigation, adaptation and the means of implementation and support, and in the light of equity and the best available science.

2. The Conference of the Parties serving as the meeting of the Parties to this Agreement shall undertake its first global stocktake in 2023 and every five years thereafter unless otherwise decided by the Conference of the Parties serving as the meeting of the Parties to this Agreement.

3. The outcome of the global stocktake shall inform Parties in updating and enhancing, in a nationally determined manner, their actions and support in accordance with the relevant provisions of this Agreement, as well as in enhancing international cooperation for climate action.

#### **Article 15**

1. A mechanism to facilitate implementation of and promote compliance with the provisions of this Agreement is hereby established.

2. The mechanism referred to in paragraph 1 of this Article shall consist of a committee that shall be expert-based and facilitative in nature and function in a manner that is transparent, non-adversarial and non-punitive. The committee shall pay particular attention to the respective national capabilities and circumstances of Parties.

3. The committee shall operate under the modalities and procedures adopted by the Conference of the Parties serving as the

meeting of the Parties to this Agreement at its first session and report annually to the Conference of the Parties serving as the meeting of the Parties to this Agreement.

### Article 16

1. The Conference of the Parties, the supreme body of the Convention, shall serve as the meeting of the Parties to this Agreement.
2. Parties to the Convention that are not Parties to this Agreement may participate as observers in the proceedings of any session of the Conference of the Parties serving as the meeting of the Parties to this Agreement. When the Conference of the Parties serves as the meeting of the Parties to this Agreement, decisions under this Agreement shall be taken only by those that are Parties to this Agreement.
3. When the Conference of the Parties serves as the meeting of the Parties to this Agreement, any member of the Bureau of the Conference of the Parties representing a Party to the Convention but, at that time, not a Party to this Agreement, shall be replaced by an additional member to be elected by and from amongst the Parties to this Agreement.
4. The Conference of the Parties serving as the meeting of the Parties to this Agreement shall keep under regular review the implementation of this Agreement and shall make, within its mandate, the decisions necessary to promote its effective implementation. It shall perform the functions assigned to it by this Agreement and shall:
  - (a) Establish such subsidiary bodies as deemed necessary for the implementation of this Agreement; and
  - (b) Exercise such other functions as may be required for the implementation of this Agreement.
5. The rules of procedure of the Conference of the Parties and the financial procedures applied under the Convention shall be applied *mutatis mutandis* under this Agreement, except as may be otherwise decided by consensus by the Conference of the Parties serving as the meeting of the Parties to this Agreement.
6. The first session of the Conference of the Parties serving as the meeting of the Parties to this Agreement shall be convened by the secretariat in conjunction with the first session of the Conference of the Parties that is scheduled after the date of entry into force of this Agreement. Subsequent ordinary sessions of the Conference of the



Parties serving as the meeting of the Parties to this Agreement shall be held in conjunction with ordinary sessions of the Conference of the Parties, unless otherwise decided by the Conference of the Parties serving as the meeting of the Parties to this Agreement.

7. Extraordinary sessions of the Conference of the Parties serving as the meeting of the Parties to this Agreement shall be held at such other times as may be deemed necessary by the Conference of the Parties serving as the meeting of the Parties to this Agreement or at the written request of any Party, provided that, within six months of the request being communicated to the Parties by the secretariat, it is supported by at least one third of the Parties.

8. The United Nations and its specialized agencies and the International Atomic Energy Agency, as well as any State member thereof or observers thereto not party to the Convention, may be represented at sessions of the Conference of the Parties serving as the meeting of the Parties to this Agreement as observers. Any body or agency, whether national or international, governmental or non-governmental, which is qualified in matters covered by this Agreement and which has informed the secretariat of its wish to be represented at a session of the Conference of the Parties serving as the meeting of the Parties to this Agreement as an observer, may be so admitted unless at least one third of the Parties present object. The admission and participation of observers shall be subject to the rules of procedure referred to in paragraph 5 of this Article.

### **Article 17**

1. The secretariat established by Article 8 of the Convention shall serve as the secretariat of this Agreement.

2. Article 8, paragraph 2, of the Convention on the functions of the secretariat, and Article 8, paragraph 3, of the Convention, on the arrangements made for the functioning of the secretariat, shall apply *mutatis mutandis* to this Agreement. The secretariat shall, in addition, exercise the functions assigned to it under this Agreement and by the Conference of the Parties serving as the meeting of the Parties to this Agreement.

### **Article 18**

1. The Subsidiary Body for Scientific and Technological Advice and the Subsidiary Body for Implementation established by Articles 9 and 10 of the Convention shall serve, respectively, as the Subsidiary Body for Scientific and Technological Advice and the Subsidiary Body for Implementation of this Agreement. The

provisions of the Convention relating to the functioning of these two bodies shall apply *mutatis mutandis* to this Agreement. Sessions of the meetings of the Subsidiary Body for Scientific and Technological Advice and the Subsidiary Body for Implementation of this Agreement shall be held in conjunction with the meetings of, respectively, the Subsidiary Body for Scientific and Technological Advice and the Subsidiary Body for Implementation of the Convention.

2. Parties to the Convention that are not Parties to this Agreement may participate as observers in the proceedings of any session of the subsidiary bodies. When the subsidiary bodies serve as the subsidiary bodies of this Agreement, decisions under this Agreement shall be taken only by those that are Parties to this Agreement.

3. When the subsidiary bodies established by Articles 9 and 10 of the Convention exercise their functions with regard to matters concerning this Agreement, any member of the bureaux of those subsidiary bodies representing a Party to the Convention but, at that time, not a Party to this Agreement, shall be replaced by an additional member to be elected by and from amongst the Parties to this Agreement.

### **Article 19**

1. Subsidiary bodies or other institutional arrangements established by or under the Convention, other than those referred to in this Agreement, shall serve this Agreement upon a decision of the Conference of the Parties serving as the meeting of the Parties to this Agreement. The Conference of the Parties serving as the meeting of the Parties to this Agreement shall specify the functions to be exercised by such subsidiary bodies or arrangements.

2. The Conference of the Parties serving as the meeting of the Parties to this Agreement may provide further guidance to such subsidiary bodies and institutional arrangements.

### **Article 20**

1. This Agreement shall be open for signature and subject to ratification, acceptance or approval by States and regional economic integration organizations that are Parties to the Convention. It shall be open for signature at the United Nations Headquarters in New York from 22 April 2016 to 21 April 2017. Thereafter, this Agreement shall be open for accession from the day following the date on which it is closed for signature. Instruments of ratification,

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acceptance, approval or accession shall be deposited with the Depositary.

2. Any regional economic integration organization that becomes a Party to this Agreement without any of its member States being a Party shall be bound by all the obligations under this Agreement. In the case of regional economic integration organizations with one or more member States that are Parties to this Agreement, the organization and its member States shall decide on their respective responsibilities for the performance of their obligations under this Agreement. In such cases, the organization and the member States shall not be entitled to exercise rights under this Agreement concurrently.

3. In their instruments of ratification, acceptance, approval or accession, regional economic integration organizations shall declare the extent of their competence with respect to the matters governed by this Agreement. These organizations shall also inform the Depositary, who shall in turn inform the Parties, of any substantial modification in the extent of their competence.

### **Article 21**

1. This Agreement shall enter into force on the thirtieth day after the date on which at least 55 Parties to the Convention accounting in total for at least an estimated 55 per cent of the total global greenhouse gas emissions have deposited their instruments of ratification, acceptance, approval or accession.

2. Solely for the limited purpose of paragraph 1 of this Article, “total global greenhouse gas emissions” means the most up-to-date amount communicated on or before the date of adoption of this Agreement by the Parties to the Convention.

3. For each State or regional economic integration organization that ratifies, accepts or approves this Agreement or accedes thereto after the conditions set out in paragraph 1 of this Article for entry into force have been fulfilled, this Agreement shall enter into force on the thirtieth day after the date of deposit by such State or regional economic integration organization of its instrument of ratification, acceptance, approval or accession.

4. For the purposes of paragraph 1 of this Article, any instrument deposited by a regional economic integration organization shall not be counted as additional to those deposited by its member States.

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**Article 22**

The provisions of Article 15 of the Convention on the adoption of amendments to the Convention shall apply *mutatis mutandis* to this Agreement.

**Article 23**

1. The provisions of Article 16 of the Convention on the adoption and amendment of annexes to the Convention shall apply *mutatis mutandis* to this Agreement.

2. Annexes to this Agreement shall form an integral part thereof and, unless otherwise expressly provided for, a reference to this Agreement constitutes at the same time a reference to any annexes thereto. Such annexes shall be restricted to lists, forms and any other material of a descriptive nature that is of a scientific, technical, procedural or administrative character.

**Article 24**

The provisions of Article 14 of the Convention on settlement of disputes shall apply *mutatis mutandis* to this Agreement.

**Article 25**

1. Each Party shall have one vote, except as provided for in paragraph 2 of this Article.

2. Regional economic integration organizations, in matters within their competence, shall exercise their right to vote with a number of votes equal to the number of their member States that are Parties to this Agreement. Such an organization shall not exercise its right to vote if any of its member States exercises its right, and vice versa.

**Article 26**

The Secretary-General of the United Nations shall be the Depositary of this Agreement.

**Article 27**

No reservations may be made to this Agreement.

**Article 28**

1. At any time after three years from the date on which this Agreement has entered into force for a Party, that Party may

withdraw from this Agreement by giving written notification to the Depositary.

2. Any such withdrawal shall take effect upon expiry of one year from the date of receipt by the Depositary of the notification of withdrawal, or on such later date as may be specified in the notification of withdrawal.

3. Any Party that withdraws from the Convention shall be considered as also having withdrawn from this Agreement.

### **Article 29**

The original of this Agreement, of which the Arabic, Chinese, English, French, Russian and Spanish texts are equally authentic, shall be deposited with the Secretary-General of the United Nations.

DONE at Paris this twelfth day of December two thousand and fifteen.

IN WITNESS WHEREOF, the undersigned, being duly authorized to that effect, have signed this Agreement.

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## Decision 5/CP.21

(FCCC/CP/2015/10/Add.2)

### Long-term climate finance

*The Conference of the Parties,*

*Recalling* Articles 4 and 11 of the Convention,

*Also recalling* decision 1/CP.16, paragraphs 2, 4 and 97–101, as well as decisions 1/CP.17, 2/CP.17, paragraphs 126–132, 4/CP.18, 3/CP.19 and 5/CP.20,

1. *Welcomes with appreciation* the pledges and announcements and progress made towards reaching the goal of jointly mobilizing USD 100 billion annually by 2020 by developed country Parties, in accordance with decision 1/CP.16, including financial contributions made to the Green Climate Fund, the Least Developed Countries Fund and the Adaptation Fund, providing further clarity to and predictability of public climate finance flows from 2015 to 2020;
2. *Urges* developed country Parties to continue efforts to channel a substantial share of public climate funds to adaptation activities and to strive to achieve a greater balance between finance for mitigation and adaptation, recognizing the importance of adaptation finance;
3. *Takes note with appreciation* of the summary report on the in-session workshop on long-term climate finance held in 2015;
4. *Decides* that the second biennial high-level ministerial dialogue on climate finance, to be convened in accordance with decision 3/CP.19, will focus on the issues of adaptation finance, needs for support to developing country Parties, and cooperation on enhanced enabling environments and support for readiness activities, and that it will be informed by the report of the in-session workshop on long-term climate finance in 2016 and the second biennial assessment and overview of climate finance flows;
5. *Requests* the Presidency of the Conference of the Parties, with the support of the secretariat, to prepare a summary of the second biennial high-level ministerial dialogue on climate finance for consideration by the Conference of the Parties at its twenty-third session (November 2017).

*10th plenary meeting  
10 December 2015*

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## Decision 6/CP.21

(FCCC/CP/2015/10/Add.2)

### Report of the Standing Committee on Finance

*The Conference of the Parties,*

*Recalling* Articles 4 and 11 of the Convention,

*Also recalling* decisions 1/CP.16, paragraph 112, and 2/CP.17, paragraphs 120 and 121, as well as decisions 5/CP.18, 7/CP.19 and 6/CP.20,

1. *Welcomes with appreciation* the report of the Standing Committee on Finance to the Conference of the Parties at its twenty-first session, taking note of the recommendations contained therein;<sup>1</sup>
2. *Requests* the Standing Committee on Finance to continue to strengthen its engagement with all relevant stakeholders and bodies under the Convention;
3. *Endorses* the workplan of the Standing Committee on Finance for 2016–2017;<sup>2</sup>
4. *Requests* the Standing Committee on Finance, in implementing its workplan on the measurement, reporting and verification of support beyond the biennial assessment and overview of climate finance flows, to continue to engage with relevant bodies under the Convention, multilateral and bilateral agencies, and international institutions;
5. *Welcomes* the third forum of the Standing Committee on Finance, on enhancing the coherence and coordination of forest financing, held on 8 and 9 September 2015 in Durban, South Africa;
6. *Notes* the recommendations of the Standing Committee on Finance from its third forum;<sup>3</sup>
7. *Expresses* its gratitude to the Government of South Africa and the Food and Agriculture Organization of the United Nations for their support in ensuring the success of the third forum of the Standing Committee on Finance;

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<sup>1</sup> FCCC/CP/2015/8.

<sup>2</sup> As contained in document FCCC/CP/2015/8, annex X.

<sup>3</sup> As contained in document FCCC/CP/2015/8, annex II.

8. *Requests* the Standing Committee on Finance to report to the Conference of the Parties at its twenty-second session (November 2016) on the progress made in the implementation of its workplan;
9. *Decides* to initiate the review of the functions of the Standing Committee on Finance referred to in decision 6/CP.20, paragraph 23, at the twenty-second session of the Conference of the Parties;
10. *Requests* the Subsidiary Body for Implementation, at its forty-fifth session (November 2016), to prepare draft terms of reference for the review referred to in paragraph 9 above, on the basis of the submissions referred to in paragraph 11 below, for consideration by the Conference of the Parties at its twenty-second session;
11. *Also requests* the members of the Standing Committee on Finance and *invites* Parties and observer organizations to submit their views on the terms of reference for the review of the functions of the Standing Committee on Finance by 21 September 2016,<sup>4</sup> for compilation by the secretariat into a miscellaneous document;
12. *Further requests* the Standing Committee on Finance to consider the guidance provided to it in other relevant decisions of the Conference of the Parties.

*10<sup>th</sup> plenary meeting  
10 December 2015*

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<sup>4</sup> Parties should submit their views via the submissions portal at <<http://www.unfccc.int/5900>>. Observer organizations should e-mail their submissions to <[secretariat@unfccc.int](mailto:secretariat@unfccc.int)>.



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## Decision 7/CP.21

(FCCC/CP/2015/10/Add.2)

### **Report of the Green Climate Fund to the Conference of the Parties and guidance to the Green Climate Fund**

*The Conference of the Parties,*

*Recalling* decision 7/CP.20,

*Noting* the recommendations of the Standing Committee on Finance contained in its report to the Conference of the Parties at its twenty-first session with regard to the provision of draft guidance to the Green Climate Fund,<sup>1</sup>

1. *Welcomes* the report of the Green Climate Fund to the Conference of the Parties at its twenty-first session<sup>2</sup> and the information contained therein on the progress made by the Green Climate Fund towards its full operationalization;

2. *Notes with appreciation* the attainment of the effectiveness of the Green Climate Fund by achieving the 50 per cent threshold required for the Green Climate Fund to allocate its resources to projects and programmes;

3. *Also notes with appreciation* that the Board of the Green Climate Fund reached its aim of taking its first funding decisions by its third meeting of 2015, committing USD 168 million to eight public and private projects that will promote, in the context of sustainable development, the paradigm shift towards low-emission and climate-resilient development pathways, thereby making the Green Climate Fund fully operational;

4. *Welcomes with appreciation* pledges made to the Green Climate Fund since the twentieth session of the Conference of Parties;<sup>3</sup>

5. *Welcomes* the aspirations of the Board of the Green Climate Fund to approve proposals in 2016 to a value of USD 2.5 billion;

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<sup>1</sup> FCCC/CP/2015/8, annex IV.

<sup>2</sup> FCCC/CP/2015/3.

<sup>3</sup> Pledges have been made by Bulgaria, Cyprus, Estonia, Hungary, Iceland, Ireland, Lithuania, Luxembourg, Malta, Norway, Portugal, Viet Nam, Brussels-Capital Region, Flemish Region, Walloon Region and the city of Paris.

6. *Also welcomes* the establishment of a project preparation facility that will be targeted to small-scale activities and direct access entities, and requests the Board of the Green Climate Fund to consider lessons learned from other relevant facilities;
7. *Further welcomes* the allocation of up to USD 900 million for three pilot programmes on: enhancing direct access for recipient countries to the Green Climate Fund; supporting micro, small and medium-sized enterprises; and mobilizing resources at scale in order to address adaptation and mitigation;<sup>4</sup>
8. *Urges* Parties that made pledges under the initial resource mobilization process of the Green Climate Fund but have not yet confirmed them to the Green Climate Fund through fully executed contribution arrangements or agreements to do so as a matter of high priority;
9. *Reiterates* the invitation for financial inputs from a variety of sources, public and private, including alternative sources, throughout the initial resource mobilization process;
10. *Requests* the Board of the Green Climate Fund to agree on the arrangements for the first formal replenishment process of the Green Climate Fund as soon as feasible;
11. *Welcomes* the decision of the Board of the Green Climate Fund to develop a strategic plan for the Green Climate Fund and to adopt it as soon as possible;
12. *Also welcomes* the decision of the Board of the Green Climate Fund to simplify the funding proposal template and concept note template in an expeditious manner;
13. *Requests* the Board of the Green Climate Fund to ensure that the revised funding proposal template and concept note template are designed to facilitate the application process;
14. *Also requests* the Board of the Green Climate Fund to adopt a simplified process for approval of proposals for certain activities, in particular for small-scale activities, as soon as possible in 2016, to reduce complexities and costs involved in project proposal development;
15. *Welcomes* the decisions of the Board of the Green Climate Fund to approve the accreditation of 20 national, regional, international and private entities to the Green Climate Fund;<sup>5</sup>

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<sup>4</sup> FCCC/CP/2015/3.

<sup>5</sup> Five national, three regional, nine international and three private entities.

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16. *Urges* the Board of the Green Climate Fund to streamline the accreditation modalities and to seek a balance of diversity in accredited entities;
17. *Takes note* of the progress achieved to date in the implementation of the readiness and preparatory support programme of the Green Climate Fund and stresses the importance of improving the approval process and timely disbursement of readiness resources to facilitate readiness programme implementation pursuant to Green Climate Fund Board decision B.11/04;
18. *Requests* the Board of the Green Climate Fund to prioritize the development of its initial risk management framework;
19. *Also requests* the Board of the Green Climate Fund to enhance transparency and stakeholder engagement;
20. *Urges* the Board of the Green Climate Fund to operationalize the Independent Evaluation Unit, Independent Redress Mechanism and Independent Integrity Unit as a matter of urgency and to make public the procedures Parties and affected individuals should follow when seeking redress until the Independent Redress Mechanism is operationalized;
21. *Invites* the Board of the Green Climate Fund to take into account in its programmatic priorities the Cancun Adaptation Framework, in particular the principles referred to in decision 1/CP.16, paragraph 12, and the activities referred to in decision 1/CP.16, paragraph 14;
22. *Also invites* the Board of the Green Climate Fund, in line with paragraph 38 of the governing instrument of the Green Climate Fund,<sup>6</sup> to consider ways to provide support, pursuant to the modalities of the Green Climate Fund, for facilitating access to environmentally sound technologies in developing country Parties, and for undertaking collaborative research and development for enabling developing country Parties to enhance their mitigation and adaptation action;
23. *Urges* the Board of the Green Climate Fund to operationalize results-based payments for activities referred to in decision 1/CP.16, paragraph 70, consistent with decision 9/CP.19, and in accordance with Green Climate Fund Board decision B.08/08;

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<sup>6</sup> Decision 3/CP.17, annex.

24. *Encourages* the Board of the Green Climate Fund to consider the mobilization of private sector finance to progress the Green Climate Fund's forestry-related result areas;
25. *Requests* the Board of the Green Climate Fund to take into account decision 16/CP.21, in particular paragraph 6, referring to support for alternative policy approaches, such as joint mitigation and adaptation approaches for the integral and sustainable management of forests, as appropriate, in its funding decisions;
26. *Encourages* the Board of the Green Climate Fund to improve complementarity and coherence with other institutions, per paragraphs 33 and 34 of the governing instrument of the Green Climate Fund,<sup>7</sup> including by engaging with relevant bodies of the Convention, such as the Standing Committee on Finance;
27. *Urges* the Board of the Green Climate Fund to develop appropriate mechanisms to support the fund through appropriate expert and technical advice, including from thematic bodies, as appropriate;
28. *Requests* the Board of the Green Climate Fund to report to the Conference of Parties on the steps it has taken to implement the guidance provided in this decision and other relevant decisions of the Conference of the Parties;
29. *Invites* Parties to submit to the secretariat annually, in writing and no later than 10 weeks prior to each session of the Conference of the Parties, their views and recommendations on the elements to be taken into account in developing guidance to the Green Climate Fund.

*11<sup>th</sup> plenary meeting  
13 December 2015*

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<sup>7</sup> Decision 3/CP.17, annex.

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## Decision 8/CP.21

(FCCC/CP/2015/10/Add.2)

### **Report of the Global Environment Facility to the Conference of the Parties and guidance to the Global Environment Facility**

*The Conference of the Parties,*

*Recalling* decisions 12/CP.2, 3/CP.16, 5/CP.16, 7/CP.16, 11/CP.17, 9/CP.18, 6/CP.19 and 8/CP.20,

*Welcoming* the report of the Global Environment Facility to the Conference of the Parties at its twenty-first session and the information contained therein on the implementation of the sixth replenishment of the Global Environment Facility,<sup>1</sup>

*Also welcoming* the pledges and contributions made to the Least Developed Countries Fund and the Special Climate Change Fund,

*Noting* the recommendations of the Standing Committee on Finance contained in its report to the Conference of the Parties at its twenty-first session with regard to the provision of draft guidance to the Global Environment Facility,<sup>2</sup>

1. *Notes* that the Global Environment Facility has supported implementation of the remaining elements of the least developed countries work programme, including the update and implementation of national adaptation programmes of action, by providing funding to projects aimed at building capacity for the least developed countries to participate effectively in climate change processes, promoting public awareness on climate change issues, promoting the transfer of adaptation technology, and strengthening meteorological and hydrological services;

2. *Welcomes* the investments by the Global Environment Facility in sustainable forest management and activities referred to in decision 1/CP.16, paragraph 70, harnessing multiple benefits from forests and tackling deforestation and forest degradation in line with the programming directions of the sixth replenishment of the Global Environment Facility Trust Fund;<sup>3</sup>

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<sup>1</sup> FCCC/CP/2015/4 and Add.1.

<sup>2</sup> FCCC/CP/2015/8, annex V.

<sup>3</sup> See Global Environment Facility document GEF/A.5/07/Rev.01. Available at <[http://www.thegef.org/gef/gef\\_Documents\\_Publications](http://www.thegef.org/gef/gef_Documents_Publications)>.

3. *Invites* the Global Environment Facility to continue to provide finance to the activities referred to in paragraph 2 above, also taking into account decision 9/CP.19, paragraph 8, and decision 16/CP.21, as appropriate;
4. *Encourages* additional voluntary financial contributions to provide support for the national adaptation plan process through contributions to the Least Developed Countries Fund and the Special Climate Change Fund;
5. *Welcomes* the addition of eight project agencies to the network of the Global Environment Facility;
6. *Notes* that the Independent Evaluation Office of the Global Environment Facility is carrying out a review of the Least Developed Countries Fund;
7. *Encourages* the Global Environment Facility to include the conclusions of the review referred to in paragraph 6 above in its report to the Conference of the Parties at its twenty-second session (November 2016);
8. *Requests* the Global Environment Facility to carry out a technical review of the programme priorities of the Least Developed Countries Fund, taking into account the independent review referred to in paragraph 6 above, and to focus the technical review on, inter alia:
  - (a) Undertaking pilot concrete climate change activities that are particularly relevant for the least developed countries;
  - (b) Enhancing longer-term institutional capacity to design and execute the activities referred to in paragraph 8(a) above;
9. *Urges* the Global Environment Facility to work with all its agencies and recipient countries to ensure that these countries can take full advantage of the expanded network of agencies;
10. *Welcomes* the exploration of innovative non-grant instruments by the Global Environment Facility, and *encourages* the Global Environment Facility to work with its agencies, recipient countries and the private sector to submit proposals;
11. *Also welcomes* the approval of projects by the Global Environment Facility to support 46 developing country Parties in preparing their intended nationally determined contributions,<sup>4</sup> and

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<sup>4</sup> As at 16 September 2015.

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*encourages* the Global Environment Facility to continue providing such support;

12. *Requests* the Global Environment Facility to consider how to support developing country Parties in formulating policies, strategies, programmes and projects to implement activities that advance priorities identified in their respective intended nationally determined contributions in a manner consistent with the operational policies and guidelines of the Global Environment Facility, starting in 2016;

13. *Notes* the actions of the Global Environment Facility to establish a more coherent, system-based approach for managing and sharing information and knowledge gained from projects and programmes of the Global Environment Facility in order to improve the effectiveness of the Global Environment Facility and its agencies and enhance the capacity of recipient countries;

14. *Welcomes* the efforts to date of the Global Environment Facility to engage with the Green Climate Fund and *encourages* both entities to further articulate and build on the complementarity of their policies and programmes within the Financial Mechanism of the Convention;

15. *Invites* Parties to submit to the secretariat annually, in writing and no later than 10 weeks prior to each session of the Conference of the Parties, their views and recommendations on the elements to be taken into account in developing guidance to the Global Environment Facility;

16. *Requests* the Global Environment Facility to include, in its annual report to the Conference of the Parties, information on the steps it has taken to implement the guidance provided in this decision and other relevant decisions of the Conference of the Parties.

*10<sup>th</sup> plenary meeting  
10 December 2015*

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## Decision 9/CP.21

(FCCC/CP/2015/10/Add.2)

### **Methodologies for the reporting of financial information by Parties included in Annex I to the Convention**

*The Conference of the Parties,*

*Recalling* Articles 4, 5, 7, 10 and 12 of the Convention,

*Also recalling* decisions 9/CP.2, 11/CP.4, 4/CP.5 and 1/CP.16, paragraph 40,

*Further recalling* decisions 2/CP.17, paragraph 19, and 11/CP.20,

17. *Recognizes* the need to enhance common understanding on key terminology for reporting financial information under the Convention to facilitate transparency and comparability of information and data on support over time and across Parties;

18. *Welcomes* the submissions from Parties and observer organizations on methodologies for the reporting of financial information, and the technical paper<sup>1</sup> summarizing existing international methodologies, drawing on relevant information contained in, inter alia, submissions from Parties and observer organizations;

19. *Also welcomes* the joint in-session technical workshop on the methodologies for the reporting of financial information by Parties included in Annex I to the Convention organized under the auspices of the Subsidiary Body for Scientific and Technological Advice, the Subsidiary Body for Implementation and the Standing Committee on Finance, taking note of the summary of the workshop;<sup>2</sup>

20. *Further welcomes* the update of the Standing Committee on Finance on this matter, as a part of its work on the measurement, reporting and verification of support beyond the biennial assessment and overview of climate finance flows provided during the forty-

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<sup>1</sup> FCCC/TP/2015/2.

<sup>2</sup> Available at

<[http://unfccc.int/files/cooperation\\_and\\_support/financial\\_mechanism/standing\\_committee/application/pdf/summary\\_of\\_the\\_in-session\\_workshop\\_on\\_reporting\\_methodologies\\_final\\_web.pdf](http://unfccc.int/files/cooperation_and_support/financial_mechanism/standing_committee/application/pdf/summary_of_the_in-session_workshop_on_reporting_methodologies_final_web.pdf)>.



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third session of the Subsidiary Body for Scientific and Technological Advice;

21. *Welcomes* the recommendations of the Standing Committee on Finance on the methodologies for the reporting of financial information, as referred to in decision 2/CP.17, paragraph 19, contained in its report to the Conference of the Parties at its twenty-first session;<sup>3</sup>

22. *Decides* to enhance consistency and transparency through adjustments in the reporting parameters in tables 7, 7(a) and 7(b) of the common tabular format for the “UNFCCC biennial reporting guidelines for developed country Parties” by:

(a) Creating reporting fields for the provision of information on definitions or methodologies used for reporting information in the following reporting parameters: “climate-specific” or “core/general”, “status”, “funding source”, “activity”, “financial instrument”, “type of support” and “sector”;

(b) Improving the software for tables 7, 7(a) and 7(b) of the common tabular format by extending the number of input rows in the Microsoft Excel file;

(c) Aligning the categorization in the reporting parameter “status” of support (“pledged”, “committed” and “provided”) in tables 7, 7(a) and 7(b) of the common tabular format with the categorization used in other existing international methodologies (“committed” and “disbursed”);

23. *Requests* the secretariat to revise the electronic reporting application for a common tabular format, in accordance with the provisions contained in the annex, in time for the preparation and submission of the biennial reports of Parties due in 2018;

24. *Decides* that developed country Parties shall use the revised electronic reporting application, taking into account their national circumstances, when preparing and submitting their biennial reports in 2018 in accordance with decision 2/CP.17;

25. *Requests* Parties included in Annex II to the Convention to continue to provide information on the underlying assumptions and the methodologies used in their biennial reports;

26. *Also requests* the secretariat to improve the software of the biennial report data interface to allow for search functions on the UNFCCC website to collect information per key category in tables 7,

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<sup>3</sup> FCCC/CP/2015/8, annex VI.

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7(a) and 7(b) of the common tabular format (i.e. category “recipient country/region, financial instrument”);

27. *Further requests* the secretariat to explore ways of creating links to other reporting software and platforms to facilitate the importation and exportation of activity-level data, and to inform the Standing Committee on Finance to take this into consideration in its workplan;

28. *Requests* the secretariat to update the UNFCCC national focal points when the information referred to in paragraph 6 above on climate finance directed to recipient countries as reported under the Convention is made available;

29. *Also requests* the Standing Committee on Finance to take into account the enhanced information provided by Parties included in Annex II to the Convention referred to in paragraph 6 above in its biennial assessment and overview of climate finance flows;

30. *Further requests* the Standing Committee on Finance to take into account the work on the methodologies for the reporting of financial information by Parties included in Annex I to the Convention in the context of its workplan on the measurement, reporting and verification of support;

31. *Invites* the Subsidiary Body for Implementation to take into consideration the adjustments referred to in paragraph 6 above in its revision of the “Guidelines for the preparation of national communications by Parties included in Annex I to the Convention, Part II: UNFCCC reporting guidelines on national communications”, to be completed at the twenty-second session of the Conference of the Parties (November 2016);

32. *Takes note* of the estimated budgetary implications of the activities to be undertaken by the secretariat pursuant to the provisions contained in paragraphs 7, 10 and 11 above;

33. *Requests* that the actions of the secretariat called for in this decision be undertaken subject to the availability of financial resources.

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## Decision 13/CP.21

(FCCC/CP/2015/10/Add.2)

### **Linkages between the Technology Mechanism and the Financial Mechanism of the Convention**

*The Conference of the Parties,*

*Recalling* decisions 1/CP.18, paragraph 62, and 3/CP.17, paragraph 17,

1. *Welcomes with appreciation* the recommendations of the Technology Executive Committee on linkages between the Technology Mechanism and the Financial Mechanism, as contained in the report of the Technology Executive Committee on this matter;<sup>1</sup>

34. *Welcomes* the ongoing and positive dialogue between the Green Climate Fund, the Global Environment Facility, the Technology Executive Committee and the Climate Technology Centre and Network;

35. *Also welcomes* the contribution of the Global Environment Facility to the activities of the Climate Technology Centre and Network and looks forward to ongoing cooperation between these two entities;

36. *Invites* the Board of the Green Climate Fund to provide its recommendations, in accordance with decision 1/CP.18, paragraph 62, for consideration by the Conference of the Parties at its twenty-second session (November 2016);

37. *Recognizes* the importance of and the need for defined, mutually beneficial and functional linkages between the Technology Mechanism and the Financial Mechanism through its operating entities, the Global Environment Facility and the Green Climate Fund;

38. *Also recognizes* that the definition and elaboration of linkages between the Technology Mechanism and the Financial Mechanism has the aim of ensuring financial resources for, and scaling up action on, technology development and transfer;

39. *Underlines* the need for the Technology Executive Committee, the Climate Technology Centre and Network and the operating

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<sup>1</sup> FCCC/CP/2014/6.

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entities of the Financial Mechanism to enhance cooperation and collaboration with a view to enhancing the fulfilment and implementation of their respective mandates effectively, in accordance with Article 12, paragraph 4, of the Convention;

40. *Requests* the Technology Executive Committee, the Climate Technology Centre and Network and the operating entities of the Financial Mechanism to continue to consult on and further elaborate, including through an in-session workshop at the forty-fourth sessions of the subsidiary bodies (May 2016), the linkages between the Technology Mechanism and the Financial Mechanism;

41. *Also requests* the Technology Executive Committee to include, in its annual report, the findings arising from the activities referred to in paragraph 8 above for consideration by the Conference of the Parties at its twenty-second session, taking into consideration the recommendations referred to in paragraph 4 above;

42. *Invites* the Board of the Green Climate Fund, in line with paragraph 38 of the governing instrument of the Green Climate Fund,<sup>2</sup> to consider ways to provide support, pursuant to the modalities of the Green Climate Fund, for facilitating access to environmentally sound technologies in developing country Parties, and for undertaking collaborative research and development for enabling developing country Parties to enhance their mitigation and adaptation action.

*11<sup>th</sup> plenary meeting  
13 December 2015*

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<sup>2</sup> Decision 3/CP.17, annex.

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## Decision 1/CMP.11

(FCCC/KP/CMP/2015/8/Add.1)

### Report of the Adaptation Fund Board

*The Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol,*

*Recalling* decision 2/CMP.10, paragraph 4,

*Welcoming* the annual report of the Adaptation Fund Board,<sup>1</sup>

*Noting* the limited resources in the Adaptation Fund given the current prices of certified emission reductions, which affect its ability to fulfil its mandate,

2. *Welcomes* the financial pledges and contributions made to the Adaptation Fund by the Governments of Germany, Italy, Luxembourg, Sweden and the Walloon Region of Belgium, amounting to USD 77 million;

43. *Also welcomes* the adoption by the Executive Directors of the International Bank for Reconstruction and Development (the World Bank) of the amendments to the terms and conditions of services to be provided by the World Bank as trustee for the Adaptation Fund on an interim basis;<sup>2</sup>

44. *Notes* that, as at 30 June 2015, a total of USD 1.8 million in pledged contributions to the Adaptation Fund was outstanding;

45. *Also notes* the following information, actions and decisions relating to the Adaptation Fund contained in the report of the Adaptation Fund Board<sup>3</sup> and the oral report made by the Chair of the Adaptation Fund Board in December 2015:

(a) The approval of the second phase of the readiness programme for direct access to climate finance, launched on 1 July 2015, and the approval of South–South cooperation grants for Burundi, Cabo Verde, Chad and Niger, totalling USD 244,447;

(b) The approval of a pilot programme for regional projects/programmes;

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<sup>1</sup> FCCC/KP/CMP/2015/2.

<sup>2</sup> Decision 1/CMP.10, annex.

<sup>3</sup> As footnote 1 above.

(c) Cumulative project and programme approvals reaching USD 318.6 million as at 30 June 2015;

(d) Funds available for new funding approvals amounting to USD 129.9 million as at 30 June 2015;

(e) The approval of 14 project/programme proposals, totalling USD 92.4 million, submitted by implementing entities, including 9 proposals submitted by national implementing entities totalling USD 54.1 million;

(f) The cumulative receipts of USD 483.3 million into the Adaptation Fund Trust Fund;

(g) The approval of a streamlined accreditation process for small-sized entities with limited experience in managing projects worth more than USD 1 million;

(h) Ongoing discussion on linkages between the Adaptation Fund and the Green Climate Fund;

(i) The accreditation of 20 national implementing entities that can access resources from the Adaptation Fund directly, including 3 entities accredited during the reporting period, and the accreditation of 5 regional implementing entities, including 1 accredited during the reporting period;

46. *Requests* the Adaptation Fund Board to continue its efforts to simplify accreditation procedures for national implementing entities and to report back on its progress to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol at its twelfth session (November 2016);

47. *Urges* the developed country Parties that responded to the fundraising target of the Adaptation Fund Board but have not yet made financial contributions to do so at their earliest opportunity;

48. *Encourages* the provision of voluntary support that is additional to the share of proceeds from clean development mechanism project activities in order to support the resource mobilization efforts of the Adaptation Fund Board, with a view to strengthening the Adaptation Fund;

49. *Recommends* that the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement, at its first session, consider that the Adaptation Fund may serve the Paris Agreement, in accordance with paragraphs 60 and 61 of decision 1/CP.21;

50. *Invites* the Conference of the Parties, at its twenty-second session (November 2016), to request the Ad Hoc Working Group on

the Paris Agreement to undertake the necessary preparatory work concerning the issue referred to in paragraph 8 above and to forward a recommendation to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol for its consideration and adoption no later than at its fifteenth session (November 2019);

51. *Notes with appreciation* the efforts of the Adaptation Fund Board secretariat to organize workshops for national implementing entities;

52. *Requests* the Adaptation Fund Board to provide in its reports to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol further information on the status of the portfolio of the Adaptation Fund, including projects at different stages of development.

*9th plenary meeting  
13 December 2015*

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## Decision 1/CP.20

(FCCC/CP/2014/10/Add.1)

### Lima Call for Climate Action

*The Conference of the Parties,*

*Reiterating* that the work of the Ad Hoc Working Group on the Durban Platform for Enhanced Action shall be under the Convention and guided by its principles,

*Recalling* the objective of the Convention as set out in its Article 2,

*Also recalling* all the relevant decisions of the Conference of the Parties, particularly decisions 1/CP.17, 2/CP.18 and 1/CP.19,

*Affirming* its determination to strengthen adaptation action through the protocol, another legal instrument or agreed outcome with legal force under the Convention to be adopted at the twenty-first session of the Conference of the Parties (November-December 2015),

*Recalling* decisions 2/CP.19 and 2/CP.20 and welcoming the progress made in Lima, Peru, towards the implementation of the Warsaw International Mechanism for Loss and Damage associated with Climate Change Impacts,

*Noting* with grave concern the significant gap between the aggregate effect of Parties' mitigation pledges in terms of global annual emissions of greenhouse gases by 2020 and aggregate emission pathways consistent with having a likely chance of holding the increase in global average temperature below 2 °C or 1.5 °C above pre-industrial levels,

1. *Confirms* that the Ad Hoc Working Group on the Durban Platform for Enhanced Action shall complete the work referred to in decision 1/CP.17, paragraph 2, as early as possible in order for the Conference of the Parties at its twenty-first session to adopt a protocol, another legal instrument or an agreed outcome with legal force under the Convention applicable to all Parties;

2. *Decides* that the protocol, another legal instrument or agreed outcome with legal force under the Convention applicable to all Parties shall address in a balanced manner, inter alia, mitigation, adaptation, finance, technology development and transfer, and capacity-building, and transparency of action and support;



3. *Underscores* its commitment to reaching an ambitious agreement in 2015 that reflects the principle of common but differentiated responsibilities and respective capabilities, in light of different national circumstances;
4. *Urges* developed country Parties to provide and mobilize enhanced financial support to developing country Parties for ambitious mitigation and adaptation actions, especially to Parties that are particularly vulnerable to the adverse effects of climate change; and recognizes complementary support by other Parties;
5. *Acknowledges* the progress made in Lima in elaborating the elements for a draft negotiating text as contained in the annex;
6. *Decides* that the Ad Hoc Working Group on the Durban Platform for Enhanced Action will intensify its work, with a view to making available a negotiating text for a protocol, another legal instrument or an agreed outcome with legal force under the Convention applicable to all Parties before May 2015;
7. *Requests* the secretariat to communicate the negotiating text referred to in paragraph 6 above to Parties in accordance with provisions of the Convention and the applied rules of procedure, while noting that such communication will not prejudice whether the outcome will be a protocol, another legal instrument or an agreed outcome with legal force under the Convention applicable to all Parties;
8. *Notes* that the arrangements specified in this decision in relation to intended nationally determined contributions are without prejudice to the legal nature and content of the intended nationally determined contributions of Parties or to the content of the protocol, another legal instrument or agreed outcome with legal force under the Convention applicable to all Parties;
9. *Reiterates* its invitation to each Party to communicate to the secretariat its intended nationally determined contribution towards achieving the objective of the Convention as set out in its Article 2;
10. *Agrees* that each Party's intended nationally determined contribution towards achieving the objective of the Convention as set out in its Article 2 will represent a progression beyond the current undertaking of that Party;
11. *Also agrees* that the least developed countries and small island developing States may communicate information on strategies, plans and actions for low greenhouse gas emission

development reflecting their special circumstances in the context of intended nationally determined contributions;

12. *Invites* all Parties to consider communicating their undertakings in adaptation planning or consider including an adaptation component in their intended nationally determined contributions;

13. *Reiterates* its invitation to all Parties to communicate their intended nationally determined contributions well in advance of the twenty-first session of the Conference of the Parties (by the first quarter of 2015 by those Parties ready to do so) in a manner that facilitates the clarity, transparency and understanding of the intended nationally determined contributions;

14. *Agrees* that the information to be provided by Parties communicating their intended nationally determined contributions, in order to facilitate clarity, transparency and understanding, may include, as appropriate, inter alia, quantifiable information on the reference point (including, as appropriate, a base year), time frames and/or periods for implementation, scope and coverage, planning processes, assumptions and methodological approaches including those for estimating and accounting for anthropogenic greenhouse gas emissions and, as appropriate, removals, and how the Party considers that its intended nationally determined contribution is fair and ambitious, in light of its national circumstances, and how it contributes towards achieving the objective of the Convention as set out in its Article 2;

15. *Reiterates* its call to developed country Parties, the operating entities of the Financial Mechanism and any other organizations in a position to do so to provide support for the preparation and communication of the intended nationally determined contributions of Parties that may need such support;

16. *Requests* the secretariat to:

(a) Publish on the UNFCCC website the intended nationally determined contributions as communicated;

(b) Prepare by 1 November 2015 a synthesis report on the aggregate effect of the intended nationally determined contributions communicated by Parties by 1 October 2015;

17. *Encourages* all Parties to the Kyoto Protocol to ratify and implement the Doha Amendment to the Kyoto Protocol;

18. *Reiterates* its resolve as set out in decision 1/CP.19, paragraphs 3 and 4, to accelerate the full implementation of the

decisions constituting the agreed outcome pursuant to decision 1/CP.13 and enhance ambition in the pre-2020 period in order to ensure the highest possible mitigation efforts under the Convention by all Parties;

19. *Decides* to continue the technical examination of opportunities with high mitigation potential, including those with adaptation, health and sustainable development co-benefits, in the period 2015–2020, by requesting the secretariat to:

(a) Organize a series of in-session technical expert meetings which:

- (i) Facilitate Parties in the identification of policy options, practices and technologies and in planning for their implementation in accordance with nationally defined development priorities;
- (ii) Build on and utilize the related activities of, and further enhance collaboration and synergies among, the Technology Executive Committee, the Climate Technology Centre and Network, the Durban Forum on capacity-building, the Executive Board of the clean development mechanism and the operating entities of the Financial Mechanism;
- (iii) Build on previous technical expert meetings<sup>1</sup> in order to hone and focus on actionable policy options;
- (iv) Provide meaningful and regular opportunities for the effective engagement of experts from Parties, relevant international organizations, civil society, indigenous peoples, women, youth, academic institutions, the private sector, and subnational authorities nominated by their respective countries;
- (v) Support the accelerated implementation of policy options and enhanced mitigation action, including through international cooperation;
- (vi) Facilitate the enhanced engagement of all Parties through the announcement of topics to be addressed,

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<sup>1</sup> In 2014 the Ad Hoc Working Group on the Durban Platform for Enhanced Action undertook technical expert meetings on renewable energy, energy efficiency, land-use change and forestry (including REDD-plus), urban environments, carbon dioxide capture, use and storage and non-carbon dioxide greenhouse gases.

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agendas and related materials at least two months in advance of technical expert meetings;

(b) Update, following the technical expert meetings referred to in paragraph 19(a) above, the technical paper on the mitigation benefits of actions, and on initiatives and options to enhance mitigation ambition, compiling information provided in submissions from Parties and observer organizations and the discussions held at the technical expert meetings and drawing on other relevant information on the implementation of policy options at all levels, including through multilateral cooperation;

(c) Disseminate the information referred to in paragraph 19(b) above, including by publishing a summary for policymakers;

20. *Requests* the Ad Hoc Working Group on the Durban Platform for Enhanced Action to make recommendations in relation to further advancing the technical examination process, including the periodic assessment of the technical expert meetings, to the Conference of the Parties at its twenty-first session;

21. *Welcomes* the Lima Climate Action High-level Meeting convened by the President of the Conference of the Parties on 11 December 2014 and encourages the Executive Secretary and the President of the Conference of the Parties to convene an annual high-level event on enhancing implementation of climate action;

22. *Notes* the estimated budgetary implications of the activities to be undertaken by the secretariat referred to in this decision and requests that the actions of the secretariat called for in this decision be undertaken subject to the availability of financial resources.

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## **Annex**

### **Elements for a draft negotiating text**

*(Placeholder)*

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## Decision 5/CP.20

(FCCC/CP/2014/10/Add.2)

### Long-term climate finance

*The Conference of the Parties,*

*Recalling Articles 4 and 11 of the Convention,*

*Also recalling* decision 1/CP.16, paragraphs 2, 4 and 97–101, as well as decisions 1/CP.17, 2/CP.17, paragraphs 126–132, and decisions 4/CP.18 and 3/CP.19,

1. *Welcomes with appreciation* the pledges to the Green Climate Fund and to the sixth replenishment of the Global Environment Facility, and contributions to the Least Developed Countries Fund, the Special Climate Change Fund, and the Adaptation Fund;
2. *Takes note* of the in-session workshop on long-term climate finance held in 2014 and the summary report prepared by the secretariat thereon;<sup>1</sup>
3. *Welcomes* the biennial submissions received to date from developed country Parties on updated strategies and approaches for scaling up climate finance from 2014 to 2020 as contained in decision 3/CP.19, paragraph 10, and urges those developed country Parties that have not yet done so to do so;
4. *Also welcomes* the first biennial high-level ministerial dialogue on climate finance convened in accordance with decision 3/CP.19, and looks forward to the summary of the presidency of the Conference of the Parties on the deliberations of this dialogue;
5. *Notes with appreciation* the 2014 Biennial Assessment and Overview of Climate Finance Flows Report;<sup>2</sup>
6. *Takes note* of decision 11/CP.20 on methodologies for the reporting of financial information by Parties included in Annex I to the Convention, and decision 6/CP.20 on the report of the Standing Committee on Finance;
7. *Further calls* on developed country Parties to channel a substantial share of public climate funds to adaptation activities;

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<sup>1</sup> FCCC/CP/2014/3.

<sup>2</sup> <[http://unfccc.int/files/cooperation\\_and\\_support/financial\\_mechanism/standing\\_committee/application/pdf/2014\\_biennial\\_assessment\\_and\\_overview\\_of\\_climate\\_finance\\_flows\\_report\\_web.pdf](http://unfccc.int/files/cooperation_and_support/financial_mechanism/standing_committee/application/pdf/2014_biennial_assessment_and_overview_of_climate_finance_flows_report_web.pdf)>.

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8. *Requests* Parties to continue to enhance their enabling environments and policy frameworks to facilitate the mobilization and effective deployment of climate finance, in accordance with decision 3/CP.19;
  9. *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;
  10. *Requests* developed country Parties, in preparing their next round of updated biennial submissions on strategies and approaches for scaling up climate finance for the period 2016–2020, to enhance the available quantitative and qualitative elements of a pathway, placing greater emphasis on transparency and predictability of financial flows, as per decision 3/CP.19, paragraph 10;
  11. *Also requests* the secretariat to prepare a compilation and synthesis of the biennial submissions on the strategies and approaches, to inform the in-session workshops;
  12. *Further requests* the secretariat to organize annual in-session workshops through to 2020 and to prepare a summary report of the workshops for annual consideration by the Conference of the Parties and the high-level ministerial dialogue on climate finance;
  13. *Decides* that the in-session workshops referred in paragraph 12 above will, in 2015 and 2016, focus on the issues of adaptation finance, needs for support to developing country Parties and cooperation on enhanced enabling environments and support for readiness activities in accordance with decision 3/CP.19, paragraph 12;
  14. *Invites* the thematic bodies under the Convention, in particular the Standing Committee on Finance, the Adaptation Committee and the Technology Executive Committee, where appropriate, to consider the long-term finance issues referred in decision 3/CP.19, paragraph 12 when implementing their 2015–2016 workplans, as an input to the in-session workshops referred to in paragraph 12 above.
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## Decision 6/CP.20

(FCCC/CP/2014/10/Add.2)

### Report of the Standing Committee on Finance

*The Conference of the Parties,*

*Recalling* Articles 4 and 11 of the Convention,

*Also recalling* decisions 1/CP.16, paragraph 112 and 2/CP.17, paragraphs 120 and 121; as well as decisions 5/CP.18 and 7/CP.19,

1. *Welcomes, and notes with appreciation,* the report of the Standing Committee on Finance;<sup>1</sup>
2. *Also welcomes* the transparency and openness with which the Standing Committee on Finance conducts its work;
3. *Endorses* the workplan of the Standing Committee on Finance for 2015;<sup>2</sup>
4. *Expresses its appreciation* for the financial contributions provided by the Governments of Belgium, Japan, Norway and Switzerland and the European Union in order to support the implementation of the work programme of the Standing Committee on Finance, and *recalls* decision 2/CP.17, paragraph 124;
5. *Invites* the Standing Committee on Finance to further strengthen its engagement with all relevant stakeholders and bodies of the Convention;
6. *Welcomes* the progress achieved by the Standing Committee on Finance through the successful completion of the 2014 biennial assessment and overview of climate finance flows covering the period 2010–2012;
7. *Notes with appreciation* the 2014 Biennial Assessment and Overview of Climate Finance Flows Report;<sup>3</sup>
8. *Invites* the relevant bodies under the Convention to take note of the summary and recommendations by the Standing Committee on Finance on the 2014 biennial assessment and overview of climate finance flows;<sup>4</sup>

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<sup>1</sup> FCCC/CP/2014/5.

<sup>2</sup> FCCC/CP/2014/5, annex VIII.

<sup>3</sup> <[http://unfccc.int/files/cooperation\\_and\\_support/financial\\_mechanism/standing\\_committee/application/pdf/2014\\_biennial\\_assessment\\_and\\_overview\\_of\\_climate\\_finance\\_flows\\_report\\_web.pdf](http://unfccc.int/files/cooperation_and_support/financial_mechanism/standing_committee/application/pdf/2014_biennial_assessment_and_overview_of_climate_finance_flows_report_web.pdf)>.

<sup>4</sup> FCCC/CP/2014/5, annex II.

9. *Requests* relevant technical bodies to consider the recommendations contained in the report of the 2014 biennial assessment and overview of climate finance flows as part of their ongoing deliberations related to climate finance;
10. *Also requests* the Standing Committee on Finance, as part of its ongoing work on measurement, reporting and verification of support, and with a view to recommending improvements to the methodologies for reporting financial information, to consider the findings and recommendations of the biennial assessment in its annual report to the Conference of the Parties for its consideration at its twenty-first session (November–December 2015);
11. *Further requests* the Standing Committee on Finance, in the context of its ongoing work, including the preparation of the biennial assessment and overview of climate finance flows, to further explore how it can enhance its work on the measurement, reporting and verification of support, based on best available information on the mobilization of various resources, including private and alternative resources, through public interventions;
12. *Requests* the Standing Committee on Finance to include, in its report to the Conference of the Parties at its twenty-first session, information on progress made in the implementation of its 2015 workplan, taking into account paragraphs 4–7 of decision 11/CP.20 on methodologies for the reporting of financial information by Parties included in Annex I to the Convention;
13. *Welcomes* the 2014 Standing Committee on Finance forum on the mobilization of adaptation finance;<sup>5</sup>
14. *Takes note* of the report of the 2014 Standing Committee on Finance forum;<sup>6</sup>
15. *Notes with appreciation* the progress of the work by the Standing Committee on Finance on the issue of financing for forests, taking into account different policy approaches;<sup>7</sup>
16. *Looks forward* to the third forum of the Standing Committee on Finance, taking place in 2015, which will focus on issues related to finance for forests;<sup>8</sup>

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<sup>5</sup> See <[http://unfccc.int/cooperation\\_and\\_support/financial\\_mechanism/standing\\_committee/items/8138.php](http://unfccc.int/cooperation_and_support/financial_mechanism/standing_committee/items/8138.php)>.

<sup>6</sup> <[http://unfccc.int/files/cooperation\\_and\\_support/financial\\_mechanism/standing\\_committee/application/pdf/2nd\\_scf\\_forum\\_for\\_web.pdf](http://unfccc.int/files/cooperation_and_support/financial_mechanism/standing_committee/application/pdf/2nd_scf_forum_for_web.pdf)>.

<sup>7</sup> Decision 7/CP.19, paragraph 11.

<sup>8</sup> Decision 9/CP.19, paragraph 20.



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17. *Encourages* the Standing Committee on Finance to continue to engage with all relevant actors working on forests in the preparation of the forum, with a view to ensuring broad participation;
18. *Invites* the Standing Committee on Finance to consider, in the context of its forum on issues related to finance for forests, inter alia, decisions relevant to activities referred to in decision 1/CP.16, paragraph 70, including decisions 1/CP.16, 2/CP.17 and 12/CP.17 as well as decisions 9/CP.19 to 15/CP.19;
19. *Endorses* the recommendations on the provision of guidance to the operating entities provided in paragraph 10 of the report of the Standing Committee on Finance to the Conference of the Parties;<sup>9</sup>
20. *Requests* the Standing Committee on Finance to provide advice on the issue of the frequency of guidance to the Financial Mechanism and to report back to the Conference of the Parties at its twenty-first session;
21. *Welcomes* the inputs of the Technology Executive Committee and the Adaptation Committee to the work of the Standing Committee on Finance for its consideration in preparing elements of draft guidance to the operating entities;
22. *Requests* the Standing Committee on Finance to consider issues related to possible future institutional linkages and relations between the Adaptation Fund and other institutions under the Convention;
23. *Decides*, in accordance with decision 2/CP.17, annex VI, paragraph 10, to conduct the review of the functions of the Standing Committee on Finance no later than the twenty-third session of the Conference of the Parties (November–December 2017);
24. *Requests* the Standing Committee on Finance to consider the guidance provided to the Standing Committee on Finance in other decisions of the Conference of the Parties.
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<sup>9</sup> FCCC/CP/2014/5.

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**Decision 7/CP.20***(FCCC/CP/2014/10/Add.21)***Report of the Green Climate Fund to the  
Conference of the Parties and guidance  
to the Green Climate Fund**

*The Conference of the Parties,*

*Recalling* Articles 4 and 11 of the Convention,

*Taking into account* decision 11/CP.1,

*Recalling* decisions 1/CP.16, 3/CP.17, 1/CP.18, 6/CP.18, 7/CP.18, 4/CP.19 and 5/CP.19,

1. *Welcomes* the report of the Green Climate Fund to the Conference of the Parties,<sup>1</sup> in particular the detailed and comprehensive list of responses of the Green Climate Fund Board to guidance received from the Conference of the Parties;<sup>2</sup>

2. *Notes with appreciation* the progress made by the Green Climate Fund, and the information contained thereon in the report of the Green Climate Fund, in particular the decision on the confirmation of the completion of the essential requirements and the commencement of the initial resource mobilization process;

3. *Welcomes with appreciation* the successful and timely initial resource mobilization process of the Green Climate Fund that led to the mobilization of USD 10.2 billion to date by contributing Parties,<sup>3</sup> enabling the Green Climate Fund to start its activities in supporting developing country Parties of the Convention, and making it the largest dedicated climate fund;

4. *Requests* the Green Climate Fund to ensure that the ongoing resource mobilization efforts are commensurate with the ambitions of the Fund, and *calls* for contributions by other developed country

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<sup>1</sup> As contained in document FCCC/CP/2014/8.

<sup>2</sup> As contained in sections II and III of document FCCC/CP/2014/8.

<sup>3</sup> Australia, Austria, Belgium, Canada, Colombia, Czech Republic, Denmark, Finland, France, Germany, Indonesia, Italy, Japan, Liechtenstein, Luxembourg, Mexico, Monaco, Mongolia, Netherlands, New Zealand, Norway, Panama, Peru, Republic of Korea, Spain, Sweden, Switzerland, United Kingdom of Great Britain and Northern Ireland, and United States of America.

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Parties,<sup>4</sup> as well as *invites* financial inputs from a variety of other sources, public and private, including alternative sources,<sup>5</sup> throughout the initial resource mobilization process;

5. *Urges* the Green Climate Fund, the Interim Trustee, and contributors to confirm the pledges in the form of fully executed contribution agreements/arrangements, taking note that the commitment authority of the Green Climate Fund will become effective when 50 per cent of the contributions pledged by the November 2014 pledging session are reflected in fully executed contribution agreements/arrangements received by the secretariat no later than 30 April 2015 as provided for in Green Climate Fund Board decision B.08/13, annex XIX, paragraph 1(c);

6. *Notes* Green Climate Fund Board decisions, including the decisions made at its 8<sup>th</sup> meeting, regarding the formal replenishment process for the Fund;

7. *Welcomes* Green Climate Fund Board decision B.08/07 to start taking decisions on the approval of projects and programmes no later than its 3<sup>rd</sup> meeting in 2015;

8. *Requests* the Board of the Green Climate Fund to accelerate the operationalization of the adaptation and mitigation windows, and to ensure adequate resources for capacity-building and technology development and transfer, consistent with paragraph 38 of the Governing Instrument;<sup>6</sup>

9. *Also requests* the Board of the Green Climate Fund to accelerate the operationalization of the private sector facility by aiming to ensure that private sector entities and public entities with relevant experience in working with the private sector are accredited in 2015, expediting action to engage local private sector actors in developing country Parties, including small- and medium-sized enterprises in the least developed countries, small island developing States and African States, emphasizing a country-driven approach, expediting action to mobilize resources at scale, and developing a strategic approach to engaging with the private sector;

10. *Further requests* the Board of the Green Climate Fund, in the implementation of its 2015 workplan, to complete its work related to policies and procedures to accept financial inputs from non-public and alternative sources, the investment and risk management frameworks of the Green Climate Fund, the impact analysis on its

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<sup>4</sup> As per decision 4/CP.19, paragraph 13.

<sup>5</sup> As per decision 4/CP.19, paragraph 15.

<sup>6</sup> Annex to decision 3/CP.17.

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initial results areas, including options for determining Board level investment portfolios across the structure of the Fund,<sup>7</sup> and the approval process of the Fund, including methodologies for selecting programmes and projects that best achieve the objectives of the Fund;<sup>8</sup>

11. *Requests* the Board of the Green Climate Fund to consider ways by which to further increase the transparency of its proceedings;

12. *Also requests* the Board of the Green Climate Fund to accelerate the implementation of its work programme on readiness and preparatory support, ensuring that adequate resources are provided for its execution, including from the initial resource mobilization process, providing urgent support to developing countries, in particular the least developed countries, small island developing States and African States, led by their national designated authorities or focal points to build institutional capacities in accordance with Green Climate Fund Board decision B.08/11;

13. *Encourages* the timely implementation of the accreditation framework and requests the Board of the Green Climate Fund, in its implementation, to pay adequate attention to the priorities and needs of developing country Parties, including the least developed countries, small island developing States and African States, emphasizing the need to provide readiness support to those national and regional entities eligible for fast-tracking that request it;

14. *Invites* developing country Parties to expedite the nomination of their national designated authorities and focal points as soon as possible, as well as the selection of their national and subnational implementing entities, to facilitate their engagement with the Green Climate Fund;

15. *Requests* the Board of the Green Climate Fund, when deciding its policies and programme priorities, to consider the information and lessons learned through engagement with other relevant bodies under the Convention, and other relevant international institutions;

16. *Also requests* the Green Climate Fund to enhance its collaboration with existing funds under the Convention and other climate relevant funds in order to enhance the complementarity and coherence of policies and programming at the national level;

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<sup>7</sup> Green Climate Fund Board decision B.08/07, paragraph (1).

<sup>8</sup> Green Climate Fund Board decision B.07/03, paragraph (b).

17. *Further requests* the Board of the Green Climate Fund to further enhance the participation of all stakeholders in accordance with paragraph 71 of the Governing Instrument and other relevant Board decisions;

18. *Requests* the Board of the Green Climate Fund:

(a) To develop a monitoring and accountability framework in accordance with Green Climate Fund Board decision B.08/02;

(b) To consider decisions relevant to REDD-plus,<sup>9</sup> including decisions 1/CP.16, 2/CP.17, 12/CP.17 and decisions 9/CP.19, 10/CP.19, 11/CP.19, 12/CP.19, 13/CP.19, 14/CP.19 and 15/CP.19;

19. *Urges* the Green Climate Fund to ensure that staff selection is open, transparent and based on merit without discrimination, taking into account geographical and gender balance, in accordance with the administrative policies of the Green Climate Fund;<sup>10</sup>

20. *Takes note* of Green Climate Fund Board decision B.08/24 on the institutional linkage between the United Nations and the Green Climate Fund, and *requests* the Board of the Green Climate Fund to continue further deliberations on privileges and immunities, and to report on this matter to the Conference of the Parties at its twenty-first session (November–December 2015);

21. *Urges* developing country Parties to enter into bilateral agreements with the Green Climate Fund based on the template to be approved by the Board of the Green Climate Fund, in order to provide privileges and immunities for the Fund, in accordance with Green Climate Fund Board decision B.08/24, paragraph (b);

22. *Requests* the Board of the Green Climate Fund to report biennially to the Conference of the Parties on the status of existing privileges and immunities with regard to its operational activities, starting at the twenty-first session of the Conference of the Parties;

23. *Also requests* the Board of the Green Climate Fund to make available its annual report in a timely manner and no later than 12 weeks prior to a session of the Conference of the Parties in

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<sup>9</sup> 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.

<sup>10</sup> Green Climate Fund Board decision B.06/03, annex I.

accordance with decision 6/CP.18, paragraph 15, for due consideration by Parties;

24. *Further requests* the Green Climate Fund to include in its annual report to the Conference of the Parties the recommendations of its independent redress mechanism, if any, and any actions taken by the Board in response to those recommendations;<sup>11</sup>

25. *Requests* the Board of the Green Climate Fund to report to the Conference of the Parties at its twenty-first session on progress made in the implementation of this decision, as well as the elements and provisions of the guidance contained in decisions 3/CP.17, 6/CP.18, 4/CP.19 and 5/CP.19;

26. *Invites* Parties to submit to the secretariat annually, and no later than 10 weeks prior to the subsequent session of the Conference of the Parties, their views and recommendations in writing on the elements to be taken into account in developing guidance to the Green Climate Fund;

27. *Requests* the secretariat to compile the submissions referred to in paragraph 26 above into a miscellaneous document for consideration by Parties in developing guidance through the Standing Committee on Finance to the Green Climate Fund.

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<sup>11</sup> In accordance with the annex to decision 5/CP.19, paragraph 9.

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## Decision 8/CP.20

(FCCC/CP/2014/10/Add.2)

### **Report of the Global Environment Facility to the Conference of the Parties and additional guidance to the Global Environment Facility**

*The Conference of the Parties,*

*Recalling* decisions 12/CP.2, 3/CP.16, 5/CP.16, 7/CP.16, 11/CP.17, 9/CP.18 and 6/CP.19,

*Taking note with appreciation* of the annual report of the Global Environment Facility to the Conference of the Parties,<sup>1</sup>

*Taking note* of the recommendations of the Standing Committee on Finance contained in its report to the Conference of the Parties with regard to the provision of draft guidance to the Global Environment Facility;<sup>2</sup>

1. *Welcomes with appreciation* the sixth replenishment of the Global Environment Facility (July 2014 to June 2018), while urging countries that have not fulfilled their pledges for the fifth replenishment of the Global Environment Facility to do so as soon as possible;
2. *Notes* that the amount of funding available for the climate change focal area was reduced in the sixth replenishment period of the Global Environment Facility and that the country allocation of some countries, including some least developed countries, small island developing States, and African States has decreased as a consequence, while highlighting that funding for climate change related interventions at the Global Environment Facility has continued to increase with pilot integrated approaches;
3. *Welcomes* the pledges and contributions made to the Least Developed Countries Fund and the Special Climate Change Fund, and *calls* for continued support to these funds;
4. *Notes* the actions being taken by the Global Environment Facility to *expedite* its project cycle;
5. *Encourages* the Global Environment Facility to continue to cooperate with all its implementing and project agencies as well as

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<sup>1</sup> FCCC/CP/2014/2 and Add.1.

<sup>2</sup> Annex V to document FCCC/CP/2014/5.

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recipient countries in order to improve its project cycle, taking into account the report of the fifth overall performance study of the Global Environment Facility<sup>3</sup> and the recommendations contained therein;

6. *Also encourages* the Global Environment Facility to continue to increase the overall transparency and openness of its operations, particularly with regard to the disclosure of information on the status of the implementation of projects and programmes, the project-level accountability of its implementing agencies and with respect to the timely disbursement of funds, as well as the advice provided to countries on co-financing;

7. *Welcomes* the gender mainstreaming policy of the Global Environment Facility;

8. *Requests* the Global Environment Facility to ensure that gender mainstreaming is implemented both within its portfolio and within its structure;

9. *Takes note* of the policy on co-financing of the Global Environment Facility and the concerns regarding the implementation of this policy as raised by some Parties;

10. *Encourages* the Global Environment Facility to improve the communication of its co-financing policy so that it is better understood, and appropriately applied by accredited project agencies and the implementing agencies of the Global Environment Facility, while acknowledging the potential impacts of this policy on developing country Parties, in particular the least developed countries, small island developing States, and African States;

11. *Also encourages* the Global Environment Facility to finalize the accreditation of project agencies and to share, in its next report to the Conference of the Parties, lessons learned and progress made in its pilot accreditation of project agencies, particularly in the least developed countries, small island developing States and African States;

12. *Requests* the Global Environment Facility to continue to work with its implementing agencies to further simplify its procedures and improve the effectiveness and efficiency of the process through which Parties not included in Annex I to the Convention receive funding to meet their obligations under Article 12, paragraph 1, of the Convention;

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<sup>3</sup> Global Environment Facility Evaluation Office, 2014, *Fifth Overall Performance Study of the GEF: At the Crossroads for higher Impact*.



13. *Invites* Parties to submit to the secretariat annually, in writing, and no later than 10 weeks prior to the subsequent session of the Conference of the Parties, their views and recommendations on the elements to be taken into account in developing guidance to the Global Environment Facility;

14. *Requests* the Standing Committee on Finance to take into consideration the submissions referred to in paragraph 13 above when providing draft guidance to the Global Environment Facility for consideration by the Conference of the Parties;

15. *Also requests* the Global Environment Facility to include, in its annual report to the Conference of the Parties, information on the steps that it has taken to implement the guidance provided in this decision.

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## Decision 9/CP.20

(FCCC/CP/2014/10/Add.2)

### Fifth Review of the Financial Mechanism

*The Conference of the Parties,*

*Recalling* decisions 3/CP.4, 2/CP.12, 1/CP.16, 2/CP.16 and 8/CP.19,

*Welcoming* the progress made by the Board of the Green Climate Fund in operationalizing the Green Climate Fund,

*Noting* that the fifth review of the Financial Mechanism focused on the Global Environment Facility owing to the fact that the Green Climate Fund is still developing its operations and that therefore it was premature to review many aspects of the Green Climate Fund,

1. *Welcomes with appreciation* the expert input to the fifth review of the Financial Mechanism provided by the Standing Committee on Finance, contained in the technical paper referred to in paragraph 3 below;
2. *Encourages* the Standing Committee on Finance to build on the same methodology and criteria in future reviews of the Financial Mechanism;
3. *Acknowledges* the executive summary of the technical paper on the fifth review, as contained in the annex, including the conclusions and recommendations made by the Standing Committee on Finance;
4. *Encourages* the operating entities of the Financial Mechanism to address, as appropriate, these recommendations in their future work, particularly with regard to the complementarity between the operating entities of the Financial Mechanism;
5. *Recognizes* the general positive assessment of the performance of the Global Environment Facility;
6. *Notes*, however, that the least developed countries and small island developing States still experience challenges in accessing the resources from the Global Environment Facility;
7. *Decides* to consider the timing of guidance provided by the Conference of the Parties to the operating entities of the Financial Mechanism, especially that guidance which has resource implications vis-à-vis the replenishment cycles of the operating

entities of the Financial Mechanism, in order to ensure that key guidance is fully considered in the programming strategies and policy recommendations associated with each replenishment period of the operating entities of the Financial Mechanism;

8. *Also decides* to initiate the sixth review of the Financial Mechanism at its twenty-second session (November–December 2016), in accordance with the criteria contained in the guidelines annexed to decision 8/CP.19, or as these guidelines may be subsequently amended;

9. *Requests* the Standing Committee on Finance to provide expert input to the sixth review of the Financial Mechanism in 2017 with a view to the review being completed by the Conference of the Parties at its twenty-third session (November–December 2017).

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## Annex

### **Executive summary of the technical paper on the fifth review of the Financial Mechanism**

### **Executive summary of the technical paper on the fifth review of the Financial Mechanism**

## **2. Background**

1. At its 6<sup>th</sup> meeting, the Standing Committee on Finance requested the secretariat to prepare a technical paper that will inform the Committee in its deliberations on the effectiveness of the Financial Mechanism and in the drafting of its expert inputs, which will be submitted to the Conference of the Parties (COP) at its twentieth session. The technical paper builds on the criteria for the review agreed by Parties at COP 19.<sup>1</sup> These criteria have been grouped in the following clusters of issues: (i) governance; (ii) responsiveness to COP guidance; (iii) mobilization of financial resources; (iv) delivery of financial resources; (v) results and impacts achieved with the resources provided; (vi) consistency of the activities of the Financial Mechanism with the objectives of the Convention; (vii) consistency and complementarity of the Financial Mechanism with the other sources of investment and financial flows.

2. This technical paper is informed by desk research and literature review of the sources of information identified in the updated guidelines,<sup>2</sup> complemented with past decisions related to the Financial Mechanism as well as inputs from the secretariats of the operating entities of the Financial Mechanism. Interviews with the stakeholders of the operating entities of the Financial Mechanism were also undertaken in order to generate further information. Furthermore, the technical paper also benefited from information included in the 2014 biennial assessment and overview of financial flows prepared by the Standing Committee on Finance. As there was a time limitation, it was not possible to expand the research beyond the available literature and conduct surveys on an appropriate sample of recipient countries in order to complement the areas where updated information was not available. Such an approach, however,

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<sup>1</sup> Annex to decision 8/CP.19.

<sup>2</sup> As footnote 1 above.

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could be undertaken in preparing for the sixth review of the Financial Mechanism.

3. The Standing Committee on Finance, having considered the technical paper, prepared this executive summary to form its expert input to the fifth review of the Financial Mechanism.

## **V. Key insights, conclusions and possible recommendations**

### **A. Governance**

#### **i. Transparency of the decision-making process of the operating entities**

4. An independent assessment by Transparency International evaluated the decision-making process of the Global Environment Facility (GEF) as being fairly transparent and democratic to all its stakeholders. The stakeholders of the GEF include the Parties to the relevant Conventions, the COP, donors, civil society organizations and non-governmental organizations. Decisions of the GEF Assembly and the GEF Council are made by consensus, following consultation with stakeholders who have advance access to background documents, which are prepared for these two decision-making bodies. The meetings of the GEF Council are webcast and all Council documents and decisions are available online.<sup>3</sup>

5. While it was found that there is transparency at the level of the GEF Assembly and the GEF Council, Transparency International indicated that there remains room for improvement with regard to transparency in information disclosure by GEF agencies to GEF stakeholders. Furthermore, the fourth overall performance study of the GEF<sup>4</sup> also highlighted a lack of transparency at the identification phase of GEF projects.

6. Owing to the fact that the Least Developed Countries Fund (LDCF) and the Special Climate Change Fund (SCCF) follow the policies, procedures and governance structure of the GEF, their stakeholders experience similar challenges to the GEF regarding transparency and accountability at the level of project implementation.

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<sup>3</sup> <[http://www.thegef.org/gef/council\\_meetings](http://www.thegef.org/gef/council_meetings)>.

<sup>4</sup> Available at <<http://www.thegef.org/gef/OPS4>>.

7. The governance structure of the Green Climate Fund (GCF) follows a constituency model, with an established board composed of an equal number of members from developed and developing countries. The GCF Board is independent, accountable to the COP and aims to promote transparent decision-making. The Board members are selected by their respective constituency or by a regional group within their constituency. The GCF Board meetings are not webcast but they are recorded, and the recordings are made available online<sup>5</sup> three weeks after the meeting for registered users, while the meeting documents are made publicly available online<sup>6</sup> before each meeting of the Board.

### *Conclusions*

8. Based on the review by Transparency International, there is evidence that the decision-making process at the GEF is transparent. The operations and interactions of the implementing agencies of the GEF with the recipient countries during project implementation could benefit from further transparency of information disclosure on the status of implementation of the projects. This transparency is particularly critical in those recipient countries where project implementation capacity is weak.

9. With respect to the transparency at the project preparation phase, the review found that the national portfolio formulation exercises (NPFs) promoted by the GEF during the fifth replenishment period of the GEF (GEF 5) has helped to improve the transparency of project preparation. Recipient countries are therefore encouraged to continue to undertake the NPFs in order to facilitate the identification of projects.

## **ii. Level of stakeholder involvement**

10. The GEF has fostered a high level of participation from civil society organizations (CSOs), and the private sector. The GEF Civil Society Organization Network, which comprises all accredited CSOs to the GEF, takes part in the GEF process from upstream policy development to project implementation at both national and local levels. The GEF Council meetings are preceded by a meeting of the GEF Civil Society Organization Network, and in addition, two CSO representatives participate in GEF Council meetings as observers and are invited to make interventions during those meetings. The GEF is currently reviewing the Policy on Public Involvement in GEF projects, in consultation with the GEF Civil Society Organization

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<sup>5</sup> <<http://www.gcfund.org/meetings.html>>.

<sup>6</sup> As footnote 5 above.

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Network, in order to formulate draft guidelines for public involvement to be presented to the GEF Council in October 2014.

11. The Governing Instrument of the GCF mandates the GCF Board to make arrangements, including developing and operating accreditation processes, to allow for effective participation by accredited observers in its meetings and to invite, to participate as active observers, two civil society representatives: one each from developing and developed countries, and two private sector representatives, one each from developing and developed countries.

12. The GCF Board adopted additional rules of procedure for the Board relating to observers and an accreditation process for observers to the Fund was put in place. To date, 183 organizations including CSOs, private sector organizations and international entities have been accredited as observers to GCF Board meetings. Furthermore, all four accredited active observers from civil society and the private sector participate in GCF Board meetings and are invited to make interventions.

#### *Conclusion and recommendation*

13. The GEF has been successful in ensuring stakeholder involvement both at the level of the GEF Council and in project implementation.

14. The GCF could build on the experience of and lessons learned from the GEF in terms of stakeholder involvement. In this regard, the GCF may consider establishing a robust consultative process with its observers in order to ensure that adequate and timely consultation is undertaken with respect to the development of its policies, procedures, guidelines, and, later on, during the implementation of programmes and projects of the Fund.

### **iii. Gender-sensitive approaches**

15. The sub-study on gender mainstreaming made in the context of the fifth overall performance study of the GEF found that the GEF secretariat had made significant efforts to implement a gender mainstreaming policy, while there was scope for improvement in the application of the policy by GEF agencies. In addition, the policy recommendation of the sixth replenishment period of the GEF on further work on gender mainstreaming emphasized that more concerted efforts need to be made in order to enhance gender mainstreaming within the GEF. Accordingly, the GEF secretariat is currently developing a Gender Action Plan, which will identify ways to enhance gender mainstreaming, including the use of relevant

gender-sensitive indicators and sex-disaggregated data. The Action Plan will be presented to the GEF Council in October 2014.

16. In the light of the provisions of its governing instrument to take a Fund-wide “gender-sensitive approach”, the GCF has committed to integrating gender considerations in its procedures and operational modalities. At its seventh meeting, the GCF Board approved an initial results management framework with provisions for sex-disaggregated indicators, including initial criteria for assessing programmes and projects proposals that include gender aspects. The GCF secretariat is currently preparing a draft gender action policy and action plan for consideration by the Board at its meeting in October 2014.

*Conclusion and recommendation*

17. The GEF has made considerable progress in mainstreaming gender into its activities. Since there is scope for improvement, an action plan is to be approved by the GEF Council in October 2014 and the results of this progress are expected to be reflected in the programmes and projects of the GEF.

18. In developing its own approach to gender mainstreaming, the GCF could build on the experience of the GEF. It is recommended that gender equality be integrated in the structure and organization of the GCF itself, and that gender-sensitive criteria be taken into account in funding approvals of the Fund.

**iv. Environmental and social safeguards**

19. The GEF Policy on Agency Minimum Standards on Environment and Social Safeguards applies across all GEF agencies. Moreover, all entities seeking to be accredited must demonstrate not only that their internal policies and procedures comply with minimum standards, but also that the entities themselves have the institutional capacities and systems in place to implement those standards. To date, all existing GEF agencies are in compliance with the environmental and social safeguards of the GEF.

20. The GCF Board has adopted, on an interim basis, the International Financial Corporation’s IFC Performance Standards on Environmental and Social Sustainability, with a view to developing its own environmental and social safeguard policy within three years of becoming operational.

*Conclusion and recommendation*



21. As the GCF is developing its own environment and social safeguards, it should consider consistency with the safeguards of the GEF.

22. Since the GCF will also be using financial intermediaries such as commercial banks, it is recommended that the GCF also develop an appropriate oversight mechanism to ensure that the institutions to which these intermediaries will channel funding also comply with the environmental policies and social safeguards of the GCF.

**v. Fiduciary standards**

23. The minimum fiduciary standards of the GEF build on international best practices. GEF agencies are responsible for monitoring and implementing these standards. To date, all existing GEF agencies are in compliance with the minimum fiduciary standards established by the GEF.

24. At its 7<sup>th</sup> meeting, the GCF Board adopted initial fiduciary principles and standards, which will be reviewed within three years of their adoption. The GCF Board also requested the secretariat to develop, under the guidance of an accreditation panel established by the Board, additional specialized fiduciary standards that may be deemed necessary in order to effectively accommodate all capacities that are required in implementing entities and intermediaries in the initial phase of operations of the Fund.

*Recommendation*

25. As it monitors the use of its initial fiduciary standards and reviews those standards within the next three years, the GCF should consider maintaining consistency with the standards of the GEF.

**B. Responsiveness to Conference of the Parties guidance**

**i. Level of responsiveness to Conference of the Parties guidance**

26. In assessing the responsiveness of the GEF to COP guidance, the fifth overall performance study found that the guidance by the COP is fully reflected in the strategies of the GEF and that requests from the COP are largely taken into account in programming GEF resources. It concludes that the level of responsiveness of the GEF to COP guidance is high both at the strategic and portfolio levels.

27. Some of the Parties and stakeholders of the GEF viewed the GEF to be slow in operationalizing some of the guidance provided

by the COP. The fifth overall performance study of the GEF, however, indicated that there are a few issues that made it difficult for the GEF to respond to the guidance received including: (i) the lack of clarity and prioritization in the guidance; (ii) the repetitive nature of the guidance, which has led to an enormous volume of requests to the GEF; and (iii) the timing of the provision of guidance that falls between replenishments of the GEF.

#### *Conclusion and recommendation*

28. The Evaluation Office of the GEF has found that the GEF is highly responsive to COP guidance, and that it has taken considerable steps to report to the COP in this regard. The GEF is encouraged to continue to provide information on how it has responded to the guidance it has received via its report to the COP.

29. As the GCF is under development, it is too early to assess the level of its responsiveness to COP guidance. However, the efforts made by the GCF Board to respond to COP guidance can be acknowledged.

#### **ii. Efficiency of the Global Environment Facility project cycle**

30. The GEF has been making considerable efforts over the past 10 years to improve the efficiency of its project cycle. Full size projects (FSPs) approved during the first replenishment period of the GEF took an average of 36 months to progress through the project preparation cycle. This already lengthy preparation time increased to 50 months for projects during the second replenishment period of the GEF, and to 66 months for projects during the third replenishment period of the GEF. However, during GEF 5, the average time for preparation of GEF project cycle dropped to 18.5 months, as the GEF Council established a standard time frame of 18 months for project preparation.

31. Since 2012, the GEF has undertaken a series of measures that seek to improve the efficiency of its project cycle, including a pilot project for the harmonization of the GEF and World Bank project cycles. The policy recommendation of the sixth replenishment period of the GEF (GEF 6) on improving the efficiency of the GEF project cycle requested the GEF secretariat to continue to review the performance of the GEF against the current time frame standard of 18 months from GEF Council approval and endorsement by the Chief Executive Officer of the GEF to identify: (i) more effective measures with which to expedite project preparation; and (ii) an appropriate standard project cycle time frame for the GEF 6.

32. Consequently, the GEF secretariat will prepare, for consideration by the GEF Council at its meeting in October 2014, a set of further measures to improve the policies and procedures associated with the full project cycle, including the programmatic approach and a proposal for a policy on the cancellation of projects that exceed time frame targets for project preparation as requested by the GEF Council at its November 2013 meeting.

### *Conclusion*

33. It is recognized that the GEF has undertaken measures to improve the length and efficiency of its project cycle over the years. These measures have resulted in significant improvements and the GEF is encouraged to continue undertaking such measures.

## **C. Mobilization of financial resources**

### **i. Amount of resources provided to developing countries**

34. The GEF Trust Fund has been the primary source of grants provided to developing countries through the Financial Mechanism. Funding for climate change mitigation by the GEF has increased steadily from the GEF pilot phase to GEF 5. As at June 2014, the GEF has funded 787 projects on climate change mitigation amounting to more than USD 4.5 billion. Specifically, during GEF 5, about USD 1.2 billion of GEF funding was programmed for direct mitigation projects. Moreover in April 2014, donors pledged USD 4.43 billion to the GEF for GEF 6 (July 2014 to June 2018).

35. With the complete programming of the USD 50 million allocation for the strategic priority on adaptation under the GEF Trust Fund, funding in support of adaptation at the GEF is now delivered directly through the LDCF and the SCCF. As at 30 June 2014, about USD 1.3 billion overall has been programmed by the GEF for adaptation.

36. The LDCF and the SCCF rely on voluntary contributions from developed countries and have experienced increasing trends in contributions. Cumulative pledges to the LDCF went from USD 292 million in October 2010 to about USD 900 million in June 2014 (96 per cent has been disbursed by developed countries), while cumulative pledges to the SCCF went from USD 167 million in October 2010 to about USD 344 million in June 2014 (94 per cent has been disbursed by developed countries).

37. An important milestone was achieved at the 7<sup>th</sup> meeting of the GCF Board, when it completed the eight essential requirements for

the Fund to receive, manage, programme and disburse resources, and thereby decided to commence the process for an initial resource mobilization. Although no numerical figure or target was defined for this initial resource mobilization, it was agreed that it would be commensurate with the ambition of the Fund to promote the paradigm shift towards low-emission and climate-resilient development pathways in developing countries.

### *Conclusion*

38. The GEF has mobilized resources via a replenishment process (GEF Trust Fund) and voluntary channels for the LDCF and the SCCF. Additional resources are mobilized by co-financing for GEF funds. Through the aforementioned resources, combined, the GEF has raised considerable funds for climate change.

## **ii. Amount of finance leveraged and modalities of co-financing**

39. From the estimates of co-financing ratios achieved by the GEF, climate change has attained the highest co-financing ratios. As a result, climate change constitutes about 50 per cent of the total co-financing mobilized by the GEF. However, caution should be exercised when looking at these ratios, as they mask a high variability in these ratios at the project level, and the flexibility accorded by the GEF to least developed countries (LDCs) and small island developing States (SIDS), from which a higher level of co-financing is not necessarily requested during the approval process.

40. National governments have been the main source of co-financing (equivalent to about 41 per cent of the fourth replenishment of the GEF (GEF 4) and GEF 5 co-financing that has been mobilized), followed by the GEF agencies as the second highest provider of co-financing (about 25 per cent of GEF 4 and GEF 5 total co-financing), the private sector and bilateral, multilateral sources, foundations or NGOs.

41. Two main issues have been raised within the GEF partnership with regards to co-financing. The first is the lack of clarity in the definition and application of co-financing by the GEF. The second is that the process for seeking co-financing can delay the project cycle significantly. At its 46<sup>th</sup> meeting, in May 2014, the GEF Council approved a “revised co-financing policy”,<sup>7</sup> in response to the policy recommendations of GEF 6 on co-financing and the request made by

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<sup>7</sup> Available at  
<[http://www.thegef.org/gef/sites/thegef.org/files/documents/document/Co-financing\\_Policy.pdf](http://www.thegef.org/gef/sites/thegef.org/files/documents/document/Co-financing_Policy.pdf)>.

the COP to the GEF, in order to clarify the concept of co-financing and its application to the review of funding proposals. The new policy clarifies the definition of co-financing and approaches to promoting effective co-financing. It also sets a goal for the overall GEF portfolio of reaching a co-financing ratio of at least USD 6 (co-financing) to USD 1 (GEF) with the expectation of greater co-financing in upper middle income countries that are not SIDS. There are no project-specific co-financing requirements.

*Conclusion and recommendation*

42. In order to expedite the project cycle during GEF 6, the GEF should ensure that its co-financing policy is clearly understood and appropriately applied by accredited GEF project agencies and GEF implementing agencies.

**iii. Adequacy, predictability and sustainability of funds**

43. With a replenishment process taking place every four years, funding to the GEF Trust Fund is provided in a predictable and sustainable manner by developed countries. As no assessment of the financing needs of developing countries has been agreed on at the level of the Convention, it is challenging to assess the adequacy of the financing provided to the GEF. Furthermore, since GEF is only a channel through which financial support is provided to developing countries, an assessment of the adequacy of resources mobilized for developing countries that looks only at the operating entities of the Financial Mechanism will be misleading because of its narrow scope.

44. Through the application of its System for Transparent Allocation of Resources (STAR), the GEF has made the funding for its recipient countries, especially SIDS and LDCs, fairly predictable. The midterm evaluation undertaken by the GEF Independent Evaluation Office highlighted that STAR has contributed to making GEF operations more relevant to country needs and priorities and has led to greater transparency in GEF operations. As a result, high levels of utilization of STAR allocations were experienced during GEF 5 by all GEF recipients, with an 85 and 80 per cent utilization of overall STAR allocations by SIDS and the LDCs, respectively. Moreover, the GEF 6 policy recommendation on updating STAR stipulates measures to increase the funding allocations for the LDCs.

45. Although the LDCF has seen considerable growth over recent years, additional contributions are needed if the Fund is to meet the full costs of addressing the urgent and immediate adaptation needs of the LDCs. For example, as at September 2014, no resources were available for new funding approvals under the LDCF, whereas

resources amounting to USD 41.8 million were sought for five full-sized projects that had been technically cleared by the GEF secretariat. For the next GEF cycle (2014–2018), the GEF has estimated the financing needs of the LDCF at USD 700–900 million.

46. Despite a successful record both in terms of positive evaluations and accelerated approval and disbursement rates, the main obstacle to adaptation programming under the SCCF remains the lack of adequate and predictable resources. Given the continued high demand for resources from the SCCF, the GEF has reported that, for example during the fiscal year 2014, the SCCF could meet less than 30 per cent of the demand reported in the priority project documents submitted to the GEF secretariat for technical review and in the relevant work programme entry. The GEF has estimated the financing needs of the SCCF for 2014–2018 at USD 400–500 million.

47. STAR does not apply to LDCF and SCCF funding. However, the LDCF applies a principle of 'equitable access' to ensure that funding is available to all LDCs. This principle includes a ceiling intended to prevent countries with strong institutional capacity in preparing projects from depleting the limited resources of the LDCF, to the disadvantage of other LDCs. In April 2014, the ceiling was increased from USD 20 million to USD 30 million in response to the significant, additional contributions received between June and December 2013.

48. The GCF is expected to eventually have a replenishment process, as the GEF does. The GCF will aim for an equal allocation of finance to mitigation and adaptation projects over time, and for at least 50 per cent of the adaptation finance to be allocated to particularly vulnerable countries, including the LDCs, SIDS and the African States. The Board has also decided to maximize the engagement of the private sector, including through significant allocation to the Private Sector Facility of the Fund.

#### *Conclusion and recommendations*

49. The financing for climate change from the GEF Trust Fund increased significantly from GEF 4 to GEF 5. While the allocation to the GEF 6 climate change focal area has slightly decreased compared with GEF 5, there are several climate-relevant components in the new integrated approaches and within the sustainable forest management set-aside. Overall, financing for climate change related interventions has continued to increase from GEF 5 to GEF 6. Moreover, the GEF Trust Fund is considered to be predictable and sustainable. Its adequacy, however, cannot be determined since the

GEF is only one of the many financing channels for climate change in developing countries.

50. The review has found that the funds provided to the LDCF and SCCF have substantially increased over the period of the review. The needs, however, have also increased during that period and there remains a backlog of fundable projects. Financing is provided to these funds via voluntary channels and is therefore not considered predictable and sustainable.

51. The GEF and the GCF may consider collaborating in the use of funding pathways that may include the LDCF and the SCCF.

## **D. Delivery of financial resources**

### **i. Accessibility to funds**

52. The GEF delivers financing to recipient countries' governments, to NGOs and to the private sector. This is guided by a country allocation for the different focal areas of the GEF Trust Fund. There is no allocation system for the LDCF and the SCCF. However, the GEF has established a ceiling for the LDCF in order to prevent countries with strong institutional capacity in preparing projects from depleting the limited resources of the LDCF, to the disadvantage of the other LDCs. The GEF has also established a process for direct access to the GEF Trust Fund for enabling activities, but only a few countries have applied such direct access.

53. The allocation parameters and procedures of the GEF and its agencies, as well as the capacity of countries to formulate and develop proposals, affect developing countries' access to the GEF. To further assist countries, the GEF secretariat is working to directly engage countries and increase their awareness and understanding of policies and procedures of the GEF. This is done through national dialogues and other such mechanisms.

54. During GEF 5, all developing countries including LDCs and SIDS were able to programme their STAR allocation. Estimates of the overall utilization of STAR allocations by developing countries show an uptake of 93 per cent for the overall GEF Trust Fund, with 80 and 85 per cent of utilization by LDCs and SIDS, respectively. While some of the barriers to accessing the GEF Fund were solved with STAR, co-financing remains an obstacle to access, especially for the LDCs and SIDS.

55. The GEF Council in 2010 decided to accredit up to 10 new GEF project agencies, at least half of them based in developing

countries, in order to expand the range of agencies with which GEF recipient countries could work. Out of the 10 new project agencies to be accredited, the GEF aims to accredit at least 5 national institutions with a regional balance, at least 1 national institution from an LDC and at least 1 national institution from a middle income country. This process has moved slower than expected and the GEF is reviewing its strategy in the light of the findings of the report on the fifth overall performance study of the GEF.

56. The GCF will allow direct access to it by national institutions based in developing countries. The GCF readiness program is intended to foster a better direct engagement between it and its recipient countries. It will provide technical and capacity-building support for implementing entities (particularly national and subnational institutions) that may not meet the standards of the Fund yet.

#### *Conclusion and recommendation*

57. The GEF has made a significant effort to inform countries of the programmes and policies of the GEF, and as a result, recipient countries have utilized most of their allocations. Nevertheless, the LDCs and SIDS still face challenges in accessing all of their resources.

58. The GCF would benefit from lessons learned on the accreditation process from other funds, particularly the GEF. In the case of the GEF, the goal of accreditation of 10 project agencies was only partially achieved. The GCF may consider building on existing systems of GEF intermediaries and implementing entities, and may in the process also consider providing financial assistance to support the accreditation of national entities in recipient countries that may need it.

## **ii. Disbursement of funds**

59. The speed and efficiency of disbursement appears to be improving at the GEF, despite some challenges. While the number of projects delayed by more than two years is substantially reduced compared with GEF 4 levels, information on the amount of funding that has actually been disbursed by GEF agencies to recipient countries has not been made available in an integrated form owing to a lack of reliability of data, which is due to a lack of standard definitions of when “disbursement” takes place from GEF agencies to recipient countries. Countries have identified slow disbursements as a reason for project delays. The GEF is currently working on



harmonizing the timeline for the disbursement of funds and setting performance targets.

60. There has been significant emphasis on disbursement in the LDCF and the SCCF. In the case of the former, the May 2014 annual monitoring report finds that active projects amounted to USD 134.98 million as at 30 June 2013, of which USD 46.49 million had been disbursed, representing an average disbursement rate of 38 per cent. The SCCF had committed USD 94.29 million to 21 projects by 30 June 2013, of which USD 33.22 million or 32 per cent had been disbursed.

### *Conclusion*

61. There is a recognized need to strengthen GEF project monitoring systems in order to be able to provide better information on the level of disbursement of approved funds. The GEF should work with its agencies on establishing a standard definition of “disbursement” in order to generate a common understanding of the term within the GEF partnership and enhance transparency of its processes.

### **iii. Country ownership of programmes and projects**

62. Efforts were made to strengthen the country ownership of GEF programmes and projects during GEF 5. In this regard, the midterm reviews of the experiences with STAR suggest that the clarity that countries now have on the scale and scope of their GEF allocation has contributed to strengthening the ownership of programming at the GEF. Additionally, countries are now also supported to undertake an NPFE to engage across governments and relevant stakeholders on how GEF resources should best be used and prioritized. In the majority of cases, the NPFE provided a helpful framework for interaction between the GEF and stakeholders, but its uptake during GEF 5 was relatively low. Participants to the GEF-6 replenishment process encouraged recipient countries to undertake NPFEs as early as possible so as to facilitate the programming of GEF 6 country allocations.

63. The concept of country ownership has been a driving principle in the design of the GCF. It is also a key element of the GCF investment framework approved in May 2014. Coherence with national policies and strategies and engagement with national stakeholders will be key considerations in fostering country ownership in the actions of the GCF. A transparent no-objection procedure is to be developed to this end. Through early investments

in readiness, the GCF secretariat is beginning the process of engagement with countries in order to understand their priorities.

#### *Recommendation*

64. There is a recognized need to continue to deepen engagement at different levels of the GEF partnership as a means of fostering ownership of projects and programmes in recipient countries. Upfront support in facilitating national stakeholder engagement on how best to use country allocations has proven to be useful when done through NPFs. Developing countries should continue to undertake NPFs in order to facilitate the programming of their GEF 6 STAR allocations.

#### **iv. Sustainability of programmes and projects**

65. The GEF defines sustainability as the maintenance of the benefits of the project and programs beyond the life of the GEF intervention. In this regard, the review found that 70 per cent of GEF projects have been rated moderately satisfactory or higher in terms of their sustainability. Financial and institutional risks, as well as staff turnover and changes in government priorities have been highlighted as potential impediments to sustainability. Mainstreaming of the activities of the projects has been found to be best practice. However, mainstreaming normally requires time that goes well beyond the life of the project.

#### *Conclusion*

66. Policy and legislative changes as well as mainstreaming have been found to promote sustainability, but cannot always be fully implemented within the lifetime of the project.

#### **v. Enabling environments**

67. A significant share of GEF 5 programmes have sought to strengthen policy and regulatory environments in order to support low-emission and climate-resilient development. In this regard, a recent evaluation of GEF support for mitigation documented causal links between support and key policy changes in a third of the projects that it reviewed. It emphasized the importance of public sector institutions, strategies and policies for the private sector replication of the approaches piloted. It found that enabling programmes that engaged key non-governmental stakeholders (including the private sector) that could be advocates for policy change were more successful.

68. Country-driven GEF projects that aim to develop and enact key policy changes may improve the enabling environment in recipient countries. However, it should be noted that strengthening policy and regulatory environments may require more time than a single GEF project cycle.

### *Conclusion*

69. There is ample room for the GCF to learn from the experiences of other funds in terms of improving the enabling environments in recipient countries. It can do this by linking investments with focused efforts to engage stakeholders within countries in programming, and by providing technical assistance and capacity-building so as to strengthen enabling environments – institutions, policies, and regulations – that support mitigation and adaptation actions in developing countries.

## **E. Results and impacts**

70. In an effort to assess the impacts of its activities, the GEF has created a results-based management (RBM) framework and monitoring and evaluation (M&E) requirements. The fifth overall performance study, however, has reported that the RBM framework and M&E requirements of the GEF are too onerous to be executed and had recommended that the RBM framework of GEF 6 include a limited number of outcomes that can be measured through existing or easily generated data.

71. As a result, the GEF has made and is continuing to make efforts to streamline its RBM framework in order to improve the measurement of the results and impacts of its activities.

### **ii. Mitigation results**

72. The fifth overall performance study of the GEF found that as at 30 June 2013, the GEF had allocated a total of USD 3.3 billion to 615 projects that address climate change mitigation, of which USD 3.1 billion has been allocated to 547 projects with mitigation targets. The total amount of direct and indirect mitigation impact expected from these projects is 2.6 and 8.2 billion tonnes of carbon dioxide equivalent (CO<sub>2</sub> eq) emissions, respectively, or 10.8 billion tonnes of CO<sub>2</sub> eq combined.

73. Despite improving the methodologies for the measurement of greenhouse gas (GHG) emission reductions, evaluations by the GEF of mitigation impact stress the difficulties of consistent reporting.

The key underpinning parameters are dynamic, and this may result in substantial changes to realized GHG emission reductions. Similarly, assessing the cost-effectiveness of interventions is difficult. The GEF has initiated a work programme in order to improve its methodologies and systems for measuring GHG reductions more consistently.

## **i. Adaptation results**

74. Over the years, the adaptation programme of the GEF (the GEF Trust Fund, the LDCF and the SCCF) has supported focused efforts to help developing countries to adapt to and strengthen their resilience to the impacts of climate change. As at 26 September 2014, a total of 79 LDCF projects provided an estimate of the expected number of direct beneficiaries. These projects, with LDCF resources amounting to USD 386.31 million, seek to reduce the vulnerability of an estimated 8.1 million people directly. Forty-nine LDCF projects support 35 countries in their efforts to integrate climate change adaptation into 112 national development policies, plans and frameworks. The LDCF also assists countries in laying the groundwork for climate-resilient development planning through 51 projects that will enable 34 countries to strengthen their national hydro-meteorological and climate information services.

75. Under the SCCF, 32 projects provided an estimated number of direct beneficiaries as at 26 September 2014. These projects, to which SCCF resources amounting to USD 135.72 million have been allocated, aim to reduce the vulnerability of an estimated 3.54 million people directly. In addition, 19 SCCF projects are already supporting 34 countries in their efforts to integrate climate change adaptation into 102 national development policies, plans and frameworks.

### *Recommendation to strengthen adaptation and mitigation results*

76. The GEF and the GCF may consider collaborating to harmonize impact indicators and set new norms around reporting practice, especially in the context of adaptation finance. Furthermore, the operationalization of the GCF results-based management framework presents an opportunity to make progress in this regard.

## **ii. Technology transfer**

77. During GEF 5, the GEF promoted technology transfer at various stages of the technology development cycle, from demonstration of innovative emerging low-emission and climate-resilient technologies to diffusion of commercially proven

environmentally sound technologies and practices. Moreover, support for technology transfer has also been delivered in the context of the Poznan strategic programme on technology transfer for which a funding window of USD 50 million was created at the GEF with funds from both the GEF Trust Fund and the SCCF. The GEF has also supported the operationalization of the Climate Technology Centre and Network.

### iii. **Capacity-building**

78. The GEF has made significant investments in capacity-building, including through cross-cutting capacity-building projects as well as through capacity gained in the design and implementation of projects. Investments of the GEF covered most of the priority areas listed in the framework for capacity-building in developing countries. Furthermore, capacity-building replication and scaling up, and climate change mainstreaming into national development planning are becoming increasingly common practice within the GEF. For example, several GEF small grant projects developed into medium- and full-sized projects.

#### *Conclusion on results and impacts*

79. There is evidence that good results and impacts have been achieved with the resources provided by the GEF. Efforts to harmonize and improve the methodologies for measuring the results and impacts of the supported activities need to continue.

## **F. Consistency of the Financial Mechanism with the objective of the Convention**

80. Article 2 of the Convention stipulates that the ultimate objective of this Convention and any legal instrument adopted by the Convention is to achieve, in accordance with the relevant provisions of the Convention, stabilization of greenhouse gas concentrations in the atmosphere at a level that would prevent dangerous anthropogenic interference with the climate system, within a time frame sufficient to allow ecosystems to adapt naturally to climate change, to ensure that food production is not threatened and to enable economic development to proceed in a sustainable manner. Furthermore, in accordance with decision 1/CP.16, paragraph 4, the long-term goal of holding the increase in the global average temperature below 2 °C above pre-industrial levels was recognized.

81. The review found that as an operating entity of the Financial Mechanism, the GEF, through its projects and programmes,

contributes to supporting developing countries in meeting the objective of the Convention, while enhancing their resilience to the adverse effects of climate change. In relation to the below 2 °C goal, the Intergovernmental Panel on Climate Change (IPCC) has noted that emission patterns that limit temperature increase from pre-industrial levels to no more than 2 °C require considerably different patterns of investment.

### *Conclusion*

82. The GEF programmes and policies are consistent with the objectives of the Convention.

## **G. Consistency and complementarity of the Financial Mechanism with the other financial flows and sources of investment**

83. Decision 11/CP.1, paragraph 2(a), provides that “consistency should be sought and maintained between the activities (including those related to funding) relevant to climate change undertaken outside the framework of the financial mechanism and the policies, programme priorities and eligibility criteria for activities as relevant, established by the Conference of the Parties”.

84. In terms of activities funded outside the framework of the Financial Mechanism of the Convention, the clean development mechanism (CDM) has been a successful incentive to implement mitigation action in developing countries. By the end of 2013, over 7,400 CDM projects had been registered in 93 developing countries, representing an estimated investment in excess of USD 400 billion and amounting to 1.46 billion certified emission reductions issued (or a reduction of 1.46 billion tonnes of CO<sub>2</sub> eq).

85. Additionally, the Clean Technology Fund (of the Climate Investment Funds (CIFs)), currently the largest multilateral mitigation fund with a cumulative capitalization of USD 5.5 billion, has been providing grants and concessional loans to developing countries.

86. While the Adaptation Fund (AF) has been an important vehicle in providing support for adaptation in developing countries. It was established to finance concrete adaptation projects and programmes in developing countries, and since its inception has allocated USD 232 million of grants to 40 developing countries. The AF has also pioneered direct access with the accreditation of national implementing entities (NIEs) in developing countries which can

directly access the Fund without having to go through intermediaries. To date, 17 NIEs have been accredited to the AF.

87. Another channel that has supported adaptation in developing countries is the Pilot Programme for Climate Resilience (PPCR) of the CIFs. The PPCR funds technical assistance and investments in order to support countries' efforts to integrate climate risk and resilience into core development planning and implementation. With total pledges amounting to USD 1.3 billion, the PPCR provides incentives for scaled-up action and initiates transformational change by catalysing a shift from 'business as usual' to broad-based strategies for achieving climate resilience at the national level.

88. In terms of ensuring complementarity with the other financial flows and sources of investment, the GEF has reported that it continues to work collaboratively with other organizations on financing complementary activities. For example, synergies have been highlighted between the Clean Technology Fund and the GEF climate change focal area, as well as between the pilot programme on climate resilience and the LDCF and the SCCF. Furthermore, the GEF and the AF have been working collaboratively in order to enhance synergies and avoid duplication of their respective actions in developing countries.

89. With the establishment of the GCF, the risk of overlap among the activities financed within and outside the Convention is high. Although duplication is not desirable, it may not be the most important issue at this time, since, as outlined in the IPCC Fifth Assessment Report, much more significant climate financing is needed than that provided at present through all of these funds combined. Moreover, the funds can collaborate with each other to learn lessons from one another's programmes and to set common performance targets. In this context, the respective funds under the Convention should be actively engaging on their strategic positioning towards the GCF and how they could foster complementarity with it.

90. The governing instrument of the GCF provides that the Board will develop methods to enhance complementarity between the activities of the Fund and the activities of other relevant bilateral, regional and global funding mechanisms and institutions to better mobilize the full range of financial and technical capacities.

### *Conclusions and recommendations*

91. The GEF has developed policies and programmes that have allowed it to be complementary to the community of climate finance providers.

92. The operating entities of the Financial Mechanism and the funds under the Convention should collaborate with the view to taking advantage of the complementarity of their respective policies and programmes. The operating entities of the Financial Mechanism should provide information on the progress made in ensuring the complementarity with the other sources of climate finance in their respective reports to the COP.

93. The Standing Committee on Finance could take into account the information on the efforts of the operating entities to enhance complementarity, when providing draft guidance for consideration by the COP.

*10<sup>th</sup> plenary meeting  
13 December 2014*

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## Decision 10/CP.20

(FCCC/CP/2014/10/Add.2)

### Further guidance to the Least Developed Countries Fund

*The Conference of the Parties,*

*Recognizing* the specific needs and special circumstances of the least developed countries, as referred to in Article 4, paragraph 9, of the Convention,

*Recalling* decisions 6/CP.9, 3/CP.11, 5/CP.14, 5/CP.16, 9/CP.17 and 10/CP.18,

*Also recalling* the least developed countries work programme, as defined in decision 5/CP.7,

1. *Welcomes* the increased allocation and disbursement of funds to least developed country Parties under the Least Developed Countries Fund;
2. *Notes* with appreciation the additional contributions made by Parties to the Least Developed Countries Fund;
3. *Notes* the report of the Global Environment Facility to the Conference of the Parties at its twentieth session;<sup>1</sup> and the synthesis report prepared by the secretariat on the progress made in the implementation of the remaining elements of the least developed countries work programme;<sup>2</sup>
4. *Also notes* the submission from a Party on behalf of a group of Parties on information on experiences with the implementation of the remaining elements of the least developed countries work programme;<sup>3</sup>
5. *Further notes* that the Least Developed Countries Fund has financed the preparation of 51 national adaptation programmes of action, of which 50 have been completed, and has approved the funding for 159 national adaptation programmes of action implementation projects and for programmes in 48 least developed countries (as at 3 December 2014);

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<sup>1</sup> FCCC/CP/2014/2.

<sup>2</sup> FCCC/SBI/2014/INF.17.

<sup>3</sup> FCCC/SBI/2014/MISC.3.

6. *Encourages* developed country Parties and other Parties in a position to do so to continue contributing on a voluntary basis to the Least Developed Countries Fund in order to support the implementation of the least developed countries work programme;
  7. *Invites* the Global Environment Facility, as an operating entity of the Financial Mechanism of the Convention entrusted with the operation of the Least Developed Countries Fund, to continue to support the remaining activities contained in the least developed countries work programme;
  8. *Requests* the Global Environment Facility, as an operating entity of the Financial Mechanism of the Convention entrusted with the operation of the Least Developed Countries Fund, to share, in its next report, lessons learned and progress made in its pilot accreditation of Global Environment Facility national project agencies;
  9. *Invites* the Global Environment Facility, as an operating entity of the Financial Mechanism of the Convention entrusted with the operation of the Least Developed Countries Fund, to include, in its annual report to the Conference of the Parties, information on specific actions that it has undertaken to implement the remaining elements of the least developed countries work programme, including the updating and implementation of national adaptation programmes of action, with a view to the Conference of the Parties determining, at its twenty-first session, appropriate further guidance to be provided to the Global Environment Facility;
  10. *Requests* the Global Environment Facility, as an operating entity of the Financial Mechanism of the Convention entrusted with the operation of the Least Developed Countries Fund, to enhance communication with its implementing agencies and to encourage its implementing agencies to enhance their communication with countries to facilitate a timely implementation of other elements of the least developed countries work programme including national adaptation programmes of action.
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## Decision 11/CP.20

(FCCC/CP/2014/10/Add.2)

### **Methodologies for the reporting of financial information by Parties included in Annex I to the Convention**

*The Conference of the Parties,*

*Recalling Articles 4, 5, 7, 10 and 12 of the Convention,*

*Also recalling decisions 9/CP.2, 11/CP.4, 4/CP.5 and 1/CP.16, paragraph 40,*

1. *Decides* to extend by one year the deadline of the mandate given to the Subsidiary Body for Scientific and Technological Advice, as referred to in decision 2/CP.17, paragraph 19, with a view to recommending a decision on the methodologies for the reporting of financial information, as referred to in decision 2/CP.17, paragraph 19, to the Conference of the Parties at its twenty-first session (November–December 2015);
2. *Invites* Parties and observer organizations to submit to the secretariat, by 25 March 2015, views on the methodologies for the reporting of financial information, as referred to in decision 2/CP.17, paragraph 19, for compilation into a miscellaneous document;
3. *Requests* the secretariat to prepare a technical paper, prior to the forty-second sessions of the subsidiary bodies (June 2015), summarizing existing international methodologies and drawing on relevant information contained in submissions from Parties included in Annex I to the Convention, as referred to in decision 2/CP.17, paragraph 17, on their experience with reporting the first biennial reports, the submissions referred to in paragraph 2 above, information submitted by Parties on appropriate methodologies and systems used to measure and track climate finance, as referred to in decision 5/CP.18, paragraph 10, and the work of the Standing Committee on Finance on the 2014 biennial assessment and overview of climate finance flows;
4. *Also requests* the secretariat to organize a joint in-session technical workshop in conjunction with the forty-second sessions of the subsidiary bodies, drawing on the information referred to in paragraphs 2 and 3 above, so as to inform the work of the Subsidiary Body for Scientific and Technological Advice, as referred to in decision 2/CP.17, paragraph 19;

5. *Decides* that the workshop referred to in paragraph 4 above shall be jointly organized under the auspices of the Subsidiary Body for Scientific and Technological Advice, the Subsidiary Body for Implementation and the Standing Committee on Finance;
  6. *Requests* the Standing Committee on Finance, as a part of its work on measurement, reporting and verification of support beyond the biennial assessment and overview of climate finance flows, taking into consideration the outcomes of the joint in-session technical workshop referred to in paragraph 4 above, to include its recommendations on the methodologies for the reporting of financial information, as referred to in decision 2/CP.17, paragraph 19, in its annual report to the Conference of the Parties at its twenty-first session;
  7. *Also requests* the Standing Committee on Finance to present an update on its work on this matter to the Subsidiary Body for Scientific and Technological Advice for its consideration at its forty-third session (November–December 2015);
  8. *Takes note* of the estimated budgetary implications of the activities to be undertaken by the secretariat pursuant to the provisions contained in paragraphs 3 and 4 above;
  9. *Requests* that the actions of the secretariat called for in this decision be undertaken subject to the availability of financial resources.
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## Decision 1/CMP.10

(FCCC/KP/CMP/2014/9/Add.1)

### Report of the Adaptation Fund Board

*The Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol,*

*Welcoming* the report of the Adaptation Fund Board,<sup>1</sup>

*Noting with concern* the level of market prices for certified emission reductions and their expected impact on the availability of funding from the Adaptation Fund and on its ability to fulfil its mandate,

1. *Adopts* the amendment to the terms and conditions of services to be provided by the International Bank for Reconstruction and Development (the World Bank) as trustee for the Adaptation Fund, on an interim basis, contained in the annex;

2. *Notes* the following information, actions and decisions relating to the Adaptation Fund Board contained in the report of the Adaptation Fund Board and the oral report made by the Chair of the Adaptation Fund Board in December 2014:

(a) The accreditation of 17 national implementing entities that can directly access resources from the Adaptation Fund, including one accredited during the reporting period; and the accreditation of four regional implementing entities, including two during the reporting period;

(b) Cumulative project and programme approvals reaching USD 264.8 million as at November 2014;

(c) Approval of the environmental and social policy of the Adaptation Fund;

(d) Approval of the readiness programme for direct access to climate finance, launched on 1 May 2014, and of its execution arrangements and eligibility criteria for the allocation of funds to accredited implementing entities for specific activities;

(e) Approval of one annual intersessional project/programme review cycle during an intersessional period of 24 weeks or more between two consecutive Board meetings;

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<sup>1</sup> FCCC/KP/CMP/2014/6.

(f) Approval of 16 project/programme proposals, totalling USD 80.6 million, submitted by implementing entities from July 2013 to November 2014, including 10 proposals submitted by national implementing entities totalling USD 43.2 million;

(g) Establishment of a new fundraising target of USD 80 million per calendar year in 2014 and 2015;

3. *Also notes* the cumulative receipts of USD 407.9 million into the Adaptation Fund Trust Fund;

4. *Further notes* that the pledges have surpassed the initial fundraising target set by the Adaptation Fund Board of USD 100 million for the calendar years 2012 and 2013;

5. *Urges* those developed country Parties that responded to the initial fundraising target of the Adaptation Fund Board but have not completed the process to do so at their earliest opportunity;

6. *Welcomes* the target for the resource mobilization strategy set by the Adaptation Fund Board of USD 80 million per calendar year in 2014 and 2015;

7. *Continues to encourage* Parties included in Annex I to the Convention to provide funding to support the target referred to in paragraph 6 above and to scale up funding, with a view to the resource mobilization goal of the Board being reached from resources that are additional to the share of proceeds from clean development mechanism project activities, the first international transfers of assigned amount units and the issuance of emission reduction units for activities under Article 6 of the Kyoto Protocol;

8. *Welcomes* the financial contributions that have been made to the Adaptation Fund in 2014 and the pledge of EUR 50 million made by Germany towards the target referred to in paragraph 6 above;

9. *Invites* further support for the readiness programme of the Adaptation Fund Board for direct access to climate finance in accordance with decision 2/CMP.10, paragraph;

10. *Requests* the Adaptation Fund Board, in its future reports to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol, to provide further clarity on the effect of the fluctuation of the price of certified emission reductions and the impact of this fluctuation on the resources available to the Fund;

11. *Also requests* the Adaptation Fund Board to continue its work on options for permanent institutional arrangements for the secretariat and the trustee, including via an open and competitive bidding process for the selection of a permanent trustee for the Adaptation Fund on the basis of the cost and time frame of each option and its legal and financial implications in order to ensure there is no discontinuity of the trustee service.





**Amended and restated terms and conditions of services to  
be provided by the International Bank for Reconstruction  
and Development as trustee for the Adaptation Fund**

[English only]

## **I. Recitals**

(a) A clean development mechanism (CDM) was established under Article 12 of the Kyoto Protocol to the United Nations Framework Convention on Climate Change (the Convention) (the Kyoto Protocol).

(b) The Conference of the Parties decided in its decision 10/CP.7 that an adaptation fund (the Adaptation Fund) shall be established to finance concrete adaptation projects and programmes in developing country Parties that are Parties to the Kyoto Protocol, as well as activities identified in decision 5/CP.7, paragraph 8.

(c) The decision was further endorsed by the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol (CMP) through its decision 28/CMP.1.

(d) In decision 1/CMP.3, the CMP decided that the Adaptation Fund shall finance concrete adaptation projects and programmes that are country driven and are based on the needs, views and priorities of eligible Parties, and that the Adaptation Fund Board shall be established as the operating entity of the Adaptation Fund.

(e) The CMP, in its decision 1/CMP.3, invited the International Bank for Reconstruction and Development (the World Bank) to serve as the trustee for the Adaptation Fund (the World Bank in such capacity, the Trustee) on an interim basis, and requested the Adaptation Fund Board to present the necessary legal arrangements to be concluded between the CMP and the trustee, for adoption by the CMP at its fourth session.

(f) The CMP and the World Bank concluded the legal arrangements necessary for the World Bank to serve as Trustee on an interim basis by way of adopting and accepting the terms and conditions of services to be provided by the International Bank for Reconstruction and Development as trustee for the Adaptation Fund

(the Terms and Conditions) as contained in the appendix to annex III to decision 1/CMP.4.

(g) The Terms and Conditions were amended twice to extend the term of the Trustee's services thereunder on an interim basis, as set out in decision 5/CMP.6, paragraph 1, and decision 1/CMP.9, paragraph 1.

(h) The CMP, in its decision 1/CMP.9, requested the Adaptation Fund Board to develop and approve the legal arrangements with the trustee regarding the services for the 2 per cent share of proceeds levied in accordance with decision 1/CMP.8, paragraph 21, for approval by the CMP.

(i) The Adaptation Fund Board has developed and approved the legal arrangements with the Trustee for approval by the CMP, which are proposed to be concluded between the CMP and the Trustee by amending and restating the Terms and Conditions.

(j) The CMP and the World Bank wish to amend and restate the Terms and Conditions as follows.

## **Terms and conditions**

### **Role and responsibilities of the Trustee**

1. The World Bank shall act as the Trustee on an interim basis in accordance with the Terms and Conditions set forth herein.

2. The Trustee shall comply with the principles and modalities for operations stipulated in the relevant decisions of the CMP and decisions of the Adaptation Fund Board. The Trustee shall be closely consulted in the development of decisions, taken by the CMP or the Adaptation Fund Board after the effective date of the Terms and Conditions, which relate in any way to the functions of the Trustee performed or to be performed, and the Terms and Conditions stipulated below shall be applicable. The Trustee shall perform its functions under the Terms and Conditions in accordance with the applicable provisions of the World Bank's Articles of Agreement, by-laws, policies and procedures.

3. The CMP hereby: (1) confirms its designation, under its decision 1/CMP.3, of the Adaptation Fund Board as its designee and delegatee in respect of the Adaptation Fund, acting under the authority and guidance of the CMP; and (2) imbues the Adaptation Fund Board with the capacity, power and authority to render

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decisions and provide instructions, directions and guidance to the Trustee hereunder and to cause to be effectuated the sale or disposal, for the purpose of monetization (Sale), of certified emission reductions (CERs), assigned amount units (AAUs) or emission reduction units (ERUs) collected as the share of proceeds for the Adaptation Fund (any such CERs, AAUs or ERUs, hereinafter referred to individually or collectively as the Share of Proceeds), pursuant to paragraphs 24–28 below.

4. The Trustee, in the performance of its functions under the Terms and Conditions, shall be accountable to the Adaptation Fund Board.

5. Without prejudice to any other provisions of the Terms and Conditions, the Trustee shall, in performing its functions under the Terms and Conditions, act upon decisions, instructions, directions or guidance of the CMP or the Adaptation Fund Board (or such other person designated in writing by the Adaptation Fund Board for that purpose (Authorized Designee)) only if such decisions, instructions, directions or guidance are provided to the Trustee in writing. The Trustee shall not be responsible for inquiring or investigating if any decisions, instructions, directions or guidance of the Adaptation Fund Board or, as the case may be, any Authorized Designees, do not contravene an existing decision or act of the CMP, and shall have no liability for relying in good faith on any written decision, instruction, direction or guidance of the CMP, Adaptation Fund Board or any Authorized Designees, without further inquiry or investigation on its part or otherwise for any actions taken, or omitted to be taken, in good faith.

6. The CMP acknowledges that the Trustee may disclose information obtained by it in connection with its functions under the Terms and Conditions, if such disclosure is required or otherwise necessary in carrying out the services and activities set out herein, in accordance with the World Bank's policies and procedures.

7. The Trustee shall establish a trust fund for the Adaptation Fund (the Trust Fund), and shall hold in trust, as a legal owner, and administer the funds, assets and receipts, which constitute the Trust Fund, on behalf of the Adaptation Fund supervised and managed by the Adaptation Fund Board.

8. For the purpose of the monetization of the Share of Proceeds for the Adaptation Fund, the Trustee, in its capacity as agent of the CMP, is hereby authorized by the CMP to administer Sales of the Share of Proceeds under the instructions, direction and guidance of the Adaptation Fund Board consistent with its responsibility for the

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monetization of the Share of Proceeds, pursuant to paragraphs 24–28 below.

9. The Trustee shall be responsible only for performing those duties and responsibilities specifically and expressly set forth in the Terms and Conditions and shall not be subject to any other duties or responsibilities (express or implied), including, without limitation, any duties or obligations that might otherwise apply to a fiduciary or trustee under general principles of equity, trust or fiduciary obligations and/or any other legal or equitable principles. To the extent that Sales of the Share of Proceeds are conducted by the Trustee pursuant to paragraphs 24–28 below, the Trustee shall not be responsible for the legality, validity or enforceability of any such Sales of the Share of Proceeds, the value obtained from such Sales of the Share of Proceeds (including any reduction in the value of the CERs, AAUs or the ERUs from the time they are credited to the CDM Account (as defined in paragraph 24 below) to the time such Sales are consummated) or any expenses or liabilities incurred in connection with such Sales.

10. The Trustee shall not be liable for any failure to carry out its obligations under the Terms and Conditions where such failure is a result of a Force Majeure Event and, for so long as such circumstances continue, shall be relieved of its obligations under the Terms and Conditions which it has been prevented from fulfilling as a result of that Force Majeure Event without liability; provided that the Trustee shall, notwithstanding that it is relieved from its obligations hereunder, take all reasonable and practical steps to minimize any loss and/or disruption resulting from any such Force Majeure Event. For the purpose of this paragraph, “Force Majeure Event” means any event beyond the reasonable control of the person affected including, without limitation, labour dispute, act of God, war, act or circumstance of terrorism, riot, civil commotion, malicious damage, accident, breakdown of essential computer software, hardware or system failure, fire, flood and/or storm and other unforeseen circumstances materially and adversely affecting the performance of the functions of the Trustee under the Terms and Conditions.

11. The CMP acknowledges that the World Bank shall have the right to engage in any of the types of activities described in the Terms and Conditions for its own account or for the account of clients other than the Adaptation Fund whether acting as trustee, adviser or in any other capacity vis-à-vis such clients. The CMP agrees that the World Bank, in carrying out such activities for its own account or for the account of others, may decide to adopt

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approaches and courses of actions, which differ from the approaches and courses of action that the Trustee decides to take in performing the services for the Adaptation Fund described in the Terms and Conditions. In engaging in such activities for its own account or for the account of others, the World Bank will put in place measures designed to avoid or mitigate conflicts of interest arising from its functions under the Terms and Conditions relating to the Sale of the Share of Proceeds for the Adaptation Fund.

12. If a decision by the CMP or the Adaptation Fund Board after the effective date of the Terms and Conditions relates to the functions of the Trustee performed or to be performed under the Terms and Conditions, such a decision shall be developed in close consultation with the Trustee. In the absence of such consultation with and the agreement of the Trustee, the Trustee shall not be bound by any decision of the CMP or the Adaptation Fund Board, to the extent that such a decision relates to the functions of the Trustee performed or to be performed under the Terms and Conditions.

13. The CMP agrees that the Trustee shall be fully indemnified, out of the assets held for the Adaptation Fund, including the Trust Fund resources, for any liabilities, claims, losses, costs and expenses, including attorneys' fees and expenses, incurred by the Trustee in connection with or in any way arising out of its activities as Trustee, including but not limited to any activities of the Trustee in connection with the Sale or the facilitation of the Sale of the Share of Proceeds. Such indemnity shall not include any liabilities, claims, losses, costs or expenses incurred by the Trustee as a direct result of its own gross negligence or wilful misconduct.

14. The privileges and immunities accorded to the World Bank shall apply to the property, assets, archives, operations and transactions of the Trust Fund. Nothing in the Terms and Conditions shall be considered a waiver of any privileges or immunities of the World Bank under its Articles of Agreement or any applicable law, all of which are expressly reserved.

15. The CMP agrees that the Trustee shall be reimbursed annually from the assets held for the Adaptation Fund, including the Trust Fund resources, for the fees, costs and expenses incurred by it in connection with performing its functions under the Terms and Conditions, including, without limitation, the costs and expenses incurred in connection with the establishment and administration of the Trust Fund, the Sale of the Share of Proceeds, and any and all services provided hereunder, including attorneys' fees and expenses and external auditors' costs, costs of insurance policies and relevant

service providers' fees. For this purpose, the Trustee shall submit to the Adaptation Fund Board a proposal for mutual agreement for the services and activities to be provided by the Trustee and estimated fees, costs and expenses to carry out such services and activities for the initial and/or upcoming fiscal year, as applicable. Upon approval by the Adaptation Fund Board of such a proposal, the Trustee shall deduct and transfer the amount of the estimated fees, costs and expenses to its own account from the Trust Fund resources or such other assets held for the Adaptation Fund; provided that the amount of the fees, costs and expenses transferred may be subject to an end of year adjustment based on actual costs and expenses incurred, as such an arrangement may be agreed between the Adaptation Fund Board and the Trustee in connection with the aforementioned proposal.

16. In order to enable the Trustee to carry out its functions enumerated in the Terms and Conditions, the Trustee shall be entitled to attend any meetings of the Adaptation Fund Board and, as an observer, any meetings of the CMP which may concern the operations and activities of the Adaptation Fund. Further, the CMP hereby requests the secretariat servicing the Adaptation Fund Board in accordance with decision 1/CMP.3, and the secretariat of the Convention (the UNFCCC secretariat), to cooperate fully with the Trustee.

## **Administration of the Trust Fund**

17. The Trustee shall receive and hold in the Trust Fund any proceeds from the Sale of the Share of Proceeds conducted pursuant to paragraphs 24–28 below. If requested by the Adaptation Fund Board, the Trustee may accept, on terms mutually agreed between the Trustee and the Adaptation Fund Board, contributions from donors to support the operations of the Adaptation Fund. For the avoidance of doubt, no Share of Proceeds shall be held in the Trust Fund.

18. Subject to paragraphs 2 and 12 above, the Trustee shall administer the funds, assets and receipts of the Trust Fund only for the purpose of, and in accordance with, the Terms and Conditions and the relevant decisions of the CMP and the Adaptation Fund Board.

19. In accordance with decision 1/CMP.3, paragraph 21, and in conformity with the administrative and investment arrangements of the Trustee, the Trustee shall hold the funds, assets and receipts that

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constitute the Trust Fund separate and apart from the funds of the World Bank. The Trustee shall establish and maintain separate records and accounts to identify the resources of the Trust Fund, the commitments financed out of the Trust Fund, and the receipts and transfers of funds in the Trust Fund.

20. The Trustee shall invest the funds held in the Trust Fund, pending their transfer under paragraphs 15 above and 22 below, in accordance with the Trustee's policies and procedures for the investment of trust funds administered by the World Bank, including commingling of the resources of the Trust Fund for administrative and investment purposes with other trust fund assets maintained by the World Bank. The commingling of Trust Fund resources for administrative and investment purposes should not affect the amount of resources from proceeds of monetization of the Share of Proceeds available in the Trust Fund for transfer of funds for Adaptation Fund operations, activities, projects and programmes. The Trustee shall credit all income from such investment to the Trust Fund to be used for the same purposes as other funds held in the Trust Fund. The CMP acknowledges that no warranty is given by the Trustee as to the performance or profitability of the investment of the funds held in the Trust Fund.

21. The funds held in the Trust Fund may be freely exchanged by the Trustee into other currencies as may facilitate their administration and transfer.

22. The Trustee shall, subject to the availability of resources held in the Trust Fund, record commitments and make transfers of funds from the Trust Fund in the manner agreed between the Trustee and the Adaptation Fund Board, and only at, and in accordance with, the written direction provided to the Trustee by the Adaptation Fund Board or any Authorized Designee. Upon the transfer of funds, the Trustee shall not have any responsibility for the use of the Trust Fund funds transferred and activities carried out therewith, including but not limited to any responsibility with respect to supervising, monitoring, reporting on or verifying activities carried out with the Trust Fund funds transferred by the Trustee herein.

23. The Trustee shall prepare and furnish the Adaptation Fund Board with financial reports of the Trust Fund annually (or at any other such frequency agreed between the Trustee and the Adaptation Fund Board), and provide records and accounts of the Trust Fund for audit by its external auditors annually (or at any other such frequency agreed between the Trustee and the Adaptation Fund Board), in accordance with the policies and procedures of the

Trustee. Furthermore, the Trustee shall prepare and furnish the Adaptation Fund Board with reports on the Sale of the Share of Proceeds for the Adaptation Fund and on the status of commitments and transfers of Trust Fund funds annually (or at any other such frequency agreed between the Trustee and the Adaptation Fund Board).

## **Sales of Share of Proceeds**

24. The CMP hereby authorizes the Sale of the Share of Proceeds from the account established and maintained at the CDM registry for the Adaptation Fund to hold and transfer the Share of Proceeds to assist in meeting the costs of adaptation in accordance with Article 12, paragraph 8, of the Kyoto Protocol (the CDM Account) in the manner set forth hereunder.

25. The Sale of the Share of Proceeds from the CDM Account shall be administered under the instructions, direction and guidance of the Adaptation Fund Board consistent with its responsibility to supervise and manage the Adaptation Fund and for the monetization of the Share of Proceeds.

26. Pursuant to the authority provided under paragraph 3 above, the Adaptation Fund Board may cause to be entered into any and all contracts necessary for the Sale of the Share of Proceeds from the CDM Account by granting to the Trustee any necessary power of attorney on behalf of the CMP, so that the Trustee may execute contracts of Sale with the relevant third-party Share of Proceeds purchasers and such other contracts necessary in connection with the Sale or the facilitation of the Sale of the Share of Proceeds, at the direction of the Adaptation Fund Board pursuant to paragraph 28 below.

27. Pursuant to the authority provided under paragraph 8 above, and in furtherance of paragraphs 24–26 above, the Trustee may, at the direction of the Adaptation Fund Board pursuant to paragraph 28 below: (1) cause the transfer of the title to the Share of Proceeds to the relevant third-party purchasers, or the cancellation of the Share of Proceeds, upon receipt of payment in respect of the transfer or cancellation; (2) enter into arrangements with the CDM Registry Administrator to effectuate such transfers or cancellations of the Share of Proceeds; (3) engage with relevant service providers for the purposes of execution, clearance, settlement and other logistic matters in connection with the Sale or the facilitation of the Sale of the Share of Proceeds; and (4) take other such actions as necessary to



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effectuate the Sale of the Share of Proceeds for the benefit of the Adaptation Fund.

28. Sale of the Share of Proceeds and transfer of title or cancellation of the Share of Proceeds in respect of such Sale pursuant to paragraphs 24–27 above shall be effected by the Trustee only in accordance with the guidelines agreed in writing between the Trustee and the Adaptation Fund Board.

## **Dispute resolution: notices**

29. The CMP and the Trustee shall, to the extent possible, strive to resolve promptly and amicably questions of interpretation and application of the Terms and Conditions and settle any disputes, controversy or claim arising out of or relating to the Terms and Conditions.

30. Any dispute, controversy or claim arising out of or relating to the Terms and Conditions, which has not been settled by agreement between the CMP and the Trustee, shall be submitted to arbitration in accordance with the Arbitration Rules of the United Nations Commission on International Trade Law (UNCITRAL) in force on the effective date of the Terms and Conditions, and the following provisions: (1) the appointing authority shall be the Secretary-General of the Permanent Court of Arbitration; and (2) the language of the arbitral proceedings shall be English.

31. Any arbitral award under paragraph 30 above shall be final and binding upon the CMP and the Trustee. The provisions set forth in paragraphs 29 and 30 above shall be in lieu of any other procedure for the settlement of disputes between the CMP and the Trustee.

32. Any notice or request required or permitted to be given or made under the Terms and Conditions and any other agreement between any of the parties contemplated by the Terms and Conditions shall be in writing. Any such notice or request shall be deemed to have been duly given or made once it has been delivered by hand, mail, facsimile or, if so designated by the parties, by other electronic means, to the World Bank or the UNFCCC secretariat, in the case of the CMP, to which it is required or permitted to be given or made at such party's address designated by notice to the World Bank or in the case of the CMP, the UNFCCC secretariat, giving such notice or making such a request. Deliveries made by facsimile or other electronic means shall also be confirmed by mail.

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## **Amendment and termination**

33. Any amendment to the Terms and Conditions shall become effective only upon approval and acceptance by the CMP and the World Bank.

34. The Trustee's role as trustee servicing the Adaptation Fund under the Terms and Conditions shall be automatically terminated on 30 May 2017, unless the CMP and the Trustee affirmatively agree in writing to extend beyond this date the term of the Trustee's services under the Terms and Conditions.

35. Notwithstanding paragraph 34 above, the CMP may at any time terminate the appointment of the Trustee as trustee servicing the Adaptation Fund under the Terms and Conditions. The Trustee's role as trustee servicing the Adaptation Fund shall be terminated three months after receipt by the Trustee of the notice in writing of the termination of the appointment.

36. Notwithstanding paragraph 34 above, the Trustee may at any time terminate its role as trustee servicing the Adaptation Fund by giving the CMP notice in writing no less than three months prior to any session of the CMP. The Trustee's role as trustee servicing the Adaptation Fund shall be terminated immediately after the session of the CMP which immediately follows the notice by the Trustee. In the event that no session of the CMP is held within 12 months of the Trustee giving notice, however, the Trustee's role shall be terminated 12 months after the Trustee has given notice.

37. Following termination of the Trustee's role as trustee servicing the Adaptation Fund pursuant to paragraphs 34, 35 or 36 above, the Trustee shall carry on no business for the Adaptation Fund except for the purpose of winding up its affairs. The Trustee shall take all necessary action for winding up its affairs in an expeditious manner, and for meeting the commitments already made by the Trustee and the transfer of any remaining funds, assets and receipts in the Trust Fund, as directed by the Adaptation Fund Board. The CMP hereby mandates that in such circumstances the Adaptation Fund Board shall provide such direction to the Trustee without undue delay. All of the powers and rights of the Trustee under the Terms and Conditions, including the right to be reimbursed for the fees, costs and expenses incurred under paragraph 15 above, shall continue until the affairs of the Trustee shall have been wound up.

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**Effectiveness**

38. The Terms and Conditions or any amendments to the same shall become effective and constitute an agreement between the CMP and the World Bank upon decisions by the CMP and the World Bank to approve and accept the Terms and Conditions or any amendments to the same.

*10<sup>th</sup> plenary meeting  
12 December 2014*

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## Decision 2/CMP.10

(FCCC/KP/CMP/2014/9/Add.1)

### Second review of the Adaptation Fund

*The Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol,*

*Underlining* the crucial importance of the Adaptation Fund as an essential channel for supporting adaptation action and the main promoter of direct access, together with its focus on funding the full costs of concrete adaptation projects and programmes in developing countries,

*Noting with deep concern* the continued issues related to the sustainability, adequacy and predictability of funding from the Adaptation Fund, given the current prices of certified emission reductions, which affect its ability to fulfil its mandate,

1. *Takes note* of the report of the Adaptation Fund Board<sup>1</sup> and the technical paper on the second review of the Adaptation Fund;<sup>2</sup>
2. *Underlines* the urgent implementation of the resource mobilization strategy of the Adaptation Fund Board;
3. *Encourages* the Adaptation Fund Board to consider the following options for addressing the predictability of resources, in particular:
  - (a) The scale of resources;
  - (b) Regular estimates of the resources needed;
  - (c) Continuous review of the status of projects;
4. *Requests* the Adaptation Fund Board to consider options, including those contained in the technical paper referred to in paragraph 1 above, for addressing the diversification of revenue streams of the Adaptation Fund, in accordance with the mandate of the Fund;
5. *Also requests* the Adaptation Fund Board to consider, under its readiness programme, the following options for enhancing the access modalities of the Adaptation Fund:

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<sup>1</sup> FCCC/KP/CMP/2014/6.

<sup>2</sup> FCCC/TP/2014/7.

(a) Targeted institutional strengthening strategies to assist developing countries, in particular the least developed countries, to accredit more national or regional implementing entities to the Adaptation Fund;

(b) Ensuring that accredited national implementing entities have increased and facilitated access to the Adaptation Fund, including for small-size projects and programmes;

6. *Further requests* the Adaptation Fund Board to consider options for developing operational linkages, as appropriate, between the Adaptation Fund and constituted bodies under the Convention, taking into consideration the mandates of the respective bodies;

7. *Takes note* of decision 6/CP.20 concerning the request of the Conference of the Parties to the Standing Committee on Finance to consider issues related to possible future institutional linkages and relations between the Adaptation Fund and other institutions under the Convention;

8. *Decides* to extend to June 2017 the interim arrangements with the secretariat of the Adaptation Fund Board and the trustee of the Adaptation Fund, with a view to further consideration by the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol of options for permanent institutional arrangements for the secretariat and trustee, including via an open and competitive bidding process and on the basis of the cost and time frame of each option and its legal and financial implications;

9. *Requests* the Subsidiary Body for Implementation, at its forty-fourth session (May 2016), to initiate the third review of the Adaptation Fund, in accordance with the terms of reference contained in the annex to decision 2/CMP.9, or as they may be subsequently amended, and to report back to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol at its twelfth session (November–December 2016), with a view to the review being undertaken by the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol at its thirteenth session (November–December 2017);

10. *Also requests* the Adaptation Fund Board to include in its report to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol at its eleventh session (November–December 2015) information on the progress made in relation to the matters referred to in paragraphs 3–6 above.

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## Decision 3/CP.19

(FCCC/CP/2013/10/Add.1)

### Long-term climate finance

*The Conference of the Parties,*

*Recalling* Articles 4 and 11 of the Convention,

*Further recalling* decisions 4/CP.18, 1/CP.17, 2/CP.17 paragraphs 126–132, and 1/CP.16 paragraphs 2, 4 and 98–101,

1. *Takes note* of the co-chairs' report on the outcomes of the extended work programme on long-term finance;<sup>1</sup>
2. *Underlines* the urgency of implementing commitments related to financing and transfer of technology under the Convention;
3. *Recognizes* the commitment undertaken by developed country Parties to a goal of mobilizing jointly USD 100 billion annually by 2020 to address the needs of developing countries in the context of meaningful mitigation actions and transparency on implementation;
4. *Further recognizes* the importance of providing clarity on the level of financial support that will be provided by developed country Parties to developing country Parties to allow for enhanced implementation of the Convention;
5. *Acknowledges* the pledges and announcements made by developed country Parties since the eighteenth session of the Conference of the Parties, including the financial contributions that have been made to the Adaptation Fund in 2013 fulfilling the Adaptation Fund Board's fundraising goal of USD 100 million;
6. *Requests* Parties to enhance their enabling environments and policy frameworks to facilitate the mobilization and effective deployment of climate finance;
7. *Urges* developed country Parties to maintain continuity of mobilization of public climate finance at increasing levels from the fast-start finance period in line with their joint commitment to the goal of mobilizing USD 100 billion per year by 2020 from a wide variety of sources, public and private, bilateral and multilateral, including alternative sources, in the context of meaningful mitigation actions and transparency of implementation;

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<sup>1</sup> FCCC/CP/2013/7.

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8. *Calls* on developed country Parties to channel a substantial share of public climate funds to adaptation activities;
9. *Recalls* that a significant share of new multilateral funding for adaptation should flow through the Green Climate Fund;
10. *Requests* developed country Parties to prepare biennial submissions on their updated strategies and approaches for scaling up climate finance from 2014 to 2020, including any available information on quantitative and qualitative elements of a pathway, on the following:
- (a) Information to increase clarity on the expected levels of climate finance mobilized from different sources;
  - (b) Information on their policies, programmes and priorities;
  - (c) Information on actions and plans to mobilize additional finance;
  - (d) Information on how Parties are ensuring the balance between adaptation and mitigation, in particular the needs of developing countries that are particularly vulnerable to the adverse effects of climate change;
  - (e) Information on steps taken to enhance their enabling environments, following on from the report of the co-chairs of the extended work programme on long-term finance;
11. *Requests* the Standing Committee on Finance, in the context of the preparation of its biennial assessment and overview of climate finance flows, to consider ongoing technical work on operational definitions of climate finance, including private finance mobilized by public interventions, to assess how adaptation and mitigation needs can most effectively be met by climate finance, and to include the results in its annual report to the Conference of the Parties;
12. *Decides* to continue deliberations on long-term finance and requests the secretariat to organize in-session workshops on, inter alia, strategies and approaches for scaling up climate finance referred to in paragraph 10, cooperation on enhanced enabling environments and support for readiness activities, and on needs for support to developing countries, from 2014 to 2020. Further requests the secretariat to prepare a summary of the workshops for consideration by the Conference of the Parties and to inform the ministerial dialogue referred to in paragraph 13;

13. *Decides* to convene a biennial high level ministerial dialogue on climate finance starting in 2014 and ending in 2020 and informed, inter alia, by the workshops referred to in paragraph 12 and the submissions referred to in paragraph 10. Further requests the presidency of the Conference of the Parties to summarize the deliberations of the dialogue.

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## Decision 4/CP.19

(FCCC/CP/2013/10/Add.1)

### Report of the Green Climate Fund to the Conference of the Parties and guidance to the Green Climate Fund

*The Conference of the Parties,*

*Recalling* Articles 4 and 11 of the Convention,

*Taking into account* decision 11/CP.1,

*Recalling* decisions 1/CP.16, 3/CP.17, 1/CP.18, 6/CP.18 and 7/CP.18,

1. *Takes note with appreciation* of the second annual report of the Board of the Green Climate Fund to the Conference of the Parties as contained in document FCCC/CP/2013/6;
2. *Welcomes* the Board's decisions to establish the independent secretariat and the selection of Ms. Hla Cheikhrouhou as the Executive Director of the independent secretariat of the Green Climate Fund;
3. *Further welcomes* the conclusion and entry into force of the Headquarters Agreement between the Green Climate Fund and the Government of the Republic of Korea;
4. *Takes note* of the termination of the interim arrangements for the operation of the interim secretariat and expresses its appreciation to the UNFCCC and GEF secretariats for supporting the interim secretariat;
5. *Welcomes* the adoption of the third administrative budget of the Green Climate Fund, which will enable the establishment of the independent secretariat in Songdo, Incheon City, Republic of Korea;
6. *Notes* the progress made by the Board to ensure the operationalization of the Green Climate Fund, including the adoption of its 2014 workplan and the resource mobilization process;

#### A. Initial guidance to the Green Climate Fund

7. *Confirms* that the provisions contained in Article 11 of the Convention, and decisions 11/CP.1, 1/CP.16 and 3/CP.17, and the governing instrument for the Green Climate Fund, and decision

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6/CP.18, together with 5/CP.19, constitute the initial guidance for the Green Climate Fund;

8. *Decides* to adopt the following initial guidance on policies, programme priorities and eligibility criteria for the Green Climate Fund, as an operating entity of the financial mechanism of the Convention;

9. *Requests* the Green Climate Fund:

(a) To balance the allocation of resources between adaptation and mitigation change;

(b) To pursue a country-driven approach;

(c) In allocating resources for adaptation, the Green Climate Fund will take into account the urgent and immediate needs of developing countries that are particularly vulnerable to the adverse effects of climate change;

10. *Confirms* that all developing country Parties to the Convention are eligible to receive resources from the Green Climate Fund;

## **B. Additional guidance to the Green Climate Fund**

11. *Stresses* the need to achieve full operationalization of the Green Climate Fund, and in this regard urges the Board to an expeditious implementation of its 2014 workplan, including elements of decision 6/CP.18;

12. *Urges* the Board to finalize as soon as possible the essential requirements to receive, manage, programme and disburse financial resources in line with the approved workplan of the Board so that the Green Climate Fund can commence its initial resource mobilization process as soon as possible and transition subsequently to a formal replenishment process;

13. *Calls* for ambitious and timely contributions by developed countries to enable an effective operationalization, including for readiness and preparatory support of the Green Climate Fund that reflects the needs and challenges of developing countries in addressing climate change in the context of preparing, by the twentieth session of the Conference of the Parties (December 2014), the initial resource mobilization process described in paragraph 12 above;

14. *Underlines* that initial resource mobilization should reach a very significant scale that reflects the needs and challenges of developing countries in addressing climate change;
15. *Invites* financial inputs from a variety of other sources, public and private, including alternative sources, for the Board's initial resource mobilization process;
16. *Requests* the Board of the Green Climate Fund:
- (a) To consider important lessons learned on country-driven processes from other existing funds;
  - (b) To ensure that in its consideration and finalization of the Green Climate Fund's access modalities, the Board takes into account the institutions already accredited by relevant institutions covered by the Board's agreement on the best practice fiduciary standards and principles and environmental and social standards;
  - (c) To report to the Conference of Parties at its twentieth session on progress made in the implementation of this decision, as well as the implementation of decision 6/CP.18;
17. *Invites* Parties to submit to the secretariat annually, and no later than 10 weeks prior to the subsequent session of the Conference of the Parties, their views and recommendations in writing on the elements to be taken into account in developing guidance to the operating entities of the financial mechanism of the Convention.
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## Decision 5/CP.19

(FCCC/CP/2013/10/Add.1)

### Arrangements between the Conference of the Parties and the Green Climate Fund

*The Conference of the Parties,*

*Recalling* Article 11 of the Convention,

*Also recalling* decisions 1/CP.16 and 3/CP.17, which, inter alia, designated the Green Climate Fund as an operating entity of the financial mechanism of the Convention and requested the Conference of the Parties to conclude arrangements with the Green Climate Fund Board 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,

*Further recalling* decision 7/CP.18, which requested the Standing Committee on Finance and the Green Climate Fund Board to develop arrangements between the Conference of the Parties and the Green Climate Fund in accordance with the governing instrument for the Green Climate Fund, as contained in the annex to decision 3/CP.17, and Article 11, paragraph 3, of the Convention for agreement by the Board and subsequent agreement by the Conference of the Parties at its nineteenth session,

*Recalling* paragraph 6 of the governing instrument for the Green Climate Fund,

1. *Takes note* of the report of the Standing Committee on Finance,<sup>1</sup> which contains the draft arrangements that were presented to the Board of the Green Climate Fund;
2. *Confirms* that the arrangements between the Conference of the Parties and the Green Climate Fund shall be in conformity with the governing instrument for the Green Climate Fund, as contained in decision 3/CP.17, and Article 11, paragraph 3, of the Convention;
3. *Notes* that the Board of the Green Climate Fund has approved the arrangements, as transmitted by the Standing Committee on Finance, contained in annex XXI to the report on the 5<sup>th</sup> meeting of

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<sup>1</sup> FCCC/CP/2013/8.

the Green Climate Fund Board, as contained in the report of the Green Climate Fund;<sup>2</sup>

4. *Agrees* to the arrangements between the Conference of the Parties and the Green Climate Fund contained in the annex, thereby bringing the arrangements into force;

5. *Requests* the Board of the Green Climate Fund to report on the implementation of the arrangements referred to in paragraph 4 above in its annual reports to the Conference of the Parties, starting at the twentieth session of the Conference of the Parties (December 2014).

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<sup>2</sup> FCCC/CP/2013/6.

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## Annex

### **Arrangements between the Conference of the Parties and the Green Climate Fund**

#### **Preamble**

*Recalling* Conference of the Parties (COP) decisions 1/CP.16, paragraph 102, and 3/CP.17, paragraphs 3–5, as well as the governing instrument for the Green Climate Fund (GCF), paragraphs 3–6.

*Recognizing* that the provisions contained in Article 11, paragraph 3, of the Convention, decision 3/CP.17 and the governing instrument for the GCF contained in the annex to 3/CP.17 form the basis for arrangements between the COP and the GCF.

The Conference of the Parties (hereinafter referred to as “the COP”) to the United Nations Framework Convention on Climate Change (hereinafter referred to as “the Convention”) and the Green Climate Fund (hereinafter referred to as the “GCF”) hereby reach the following arrangements:

#### **Purpose of these arrangements**

1. The purpose of these arrangements is to set out the working relationship between the COP and the GCF to ensure that the GCF is accountable to and functions under the guidance of the COP to support projects, programmes, policies and other activities in developing country Parties.

#### **Determination and communication of guidance from the Conference of the Parties**

2. The GCF shall receive guidance from the COP, including on matters related to policies, programme priorities and eligibility criteria.

3. The COP will, after each of its sessions, communicate guidance to the GCF.

4. The COP will provide guidance based, inter alia, upon a thorough consideration of the annual reports of the GCF.

#### **Conformity with guidance of the Conference of the Parties**

5. The GCF will take appropriate actions in response to the guidance received and will report on such actions taken.

#### **Reconsideration of funding decisions**

6. These arrangements reaffirm that the Board of the GCF has full responsibility for funding decisions.
7. The Board of the GCF has been mandated by paragraph 69 of the governing instrument to establish an independent redress mechanism that will report to the Board.
8. The independent redress mechanism will be open, transparent and easily accessible and will address, inter alia, the reconsideration of funding decisions.
9. The GCF will include in its annual reports to the COP the recommendations of its independent redress mechanism, and any action taken by the Board of the GCF in response to those recommendations. The COP may provide additional guidance to clarify policies, programme priorities and eligibility criteria as they impact funding decisions.
10. Further modalities for the reconsideration of funding decisions as per Article 11, paragraph 3(b), will be developed appropriately once the independent redress mechanism is operational.

### **Reports from the Green Climate Fund to the Conference of the Parties**

11. The GCF is to submit annual reports to the COP for its consideration. Such annual reports shall include information on the implementation of policies, programme priorities and eligibility criteria provided by the COP, including information on the extent to which COP guidance has been adhered to by the Board of the GCF.
12. The GCF will include in its reports a synthesis of the different activities under implementation and a listing of the activities approved, as well as a financial report.
13. The GCF will also include in its reports information on all activities financed by the GCF.
14. The GCF will indicate in its reports actions it has undertaken to balance the allocation of resources between adaptation and mitigation activities under the Fund.
15. The GCF will also include information on the development and implementation of mechanisms to draw on appropriate expert and technical advice, including from the relevant thematic bodies established under the Convention, as appropriate.
16. The COP may request additional information from the GCF via its annual guidance.

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**Determination and periodic review of funding necessary and available**

17. In accordance with Article 11, paragraph 3(d), of the Convention, which calls for arrangements to determine in a predictable and identifiable manner the amount of funding necessary and available for the implementation of the Convention, and the conditions under which that amount shall be periodically reviewed:

a) The COP will make assessments of the amount of funds that are necessary to assist developing countries in implementing the Convention, in order to help inform resource mobilization by the GCF; and

b) The GCF is to provide information on resource mobilization and the available financial resources, including any replenishment processes, in its annual reports to the COP.

**Cooperation between secretariats and representation in meetings of the governing bodies**

18. The secretariat of the GCF and the secretariat of the Convention may, as necessary and subject to the direction of the Board of the GCF and the COP, respectively, cooperate and exchange views on matters relevant to the operation of the financial mechanism of the Convention, including implementation of these arrangements between the COP and the GCF, coordination with other international financing channels and participation of representatives at relevant meetings of the bodies.

19. The participation of representatives of the secretariat of the Convention in the meetings of the GCF, and of the secretariat of the GCF in the sessions of the COP, is to be governed by the rules of procedure of the GCF and the COP, respectively.

**Review and evaluation of the financial mechanism**

20. The reports of the GCF should include any reports of the independent evaluation unit, including for the purposes of the periodic reviews of the financial mechanism of the Convention.

21. The COP may commission an independent assessment of the overall performance of the GCF, including of the performance of the Board of the GCF, to coincide with periodic reviews of the financial mechanism.

22. The COP will invite feedback from the GCF in advance of making any conclusions or findings from the review or evaluation of the financial mechanism.



**Review of these arrangements**

23. These arrangements can only be modified in writing by agreement between the COP and the GCF.
  24. These arrangements shall come into force upon agreement by the GCF and subsequent agreement by the COP.
  25. These arrangements may only be terminated in writing by agreement between the COP and the GCF.
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## Decision 6/CP.19

(FCCC/CP/2013/10/Add.1)

### **Report of the Global Environment Facility to the Conference of the Parties and additional guidance to the Global Environment Facility**

*The Conference of the Parties,*

*Recalling* decisions 12/CP.2, 3/CP.16, 5/CP.16, 7/CP.16, 11/CP.17 and 9/CP.18,

*Also recalling* decision 5/CP.7, paragraph 7(a)(iv),

*Taking note with appreciation* of the annual report of the Global Environment Facility to the Conference of the Parties,<sup>1</sup>

*Noting* the recommendations of the Standing Committee on Finance contained in its report to the Conference of the Parties with regard to the provision of draft guidance to the Global Environment Facility,<sup>2</sup>

1. *Welcomes* the inclusion of information on mitigation impacts in the report of the Global Environment Facility to the Conference of the Parties;
2. *Also welcomes* the pledges and contributions made to the Least Developed Countries Fund and the Special Climate Change Fund and calls for continued and increased support for these funds;
3. *Requests* the Global Environment Facility to clarify the concept of co-financing and its application in the projects and programmes of the Global Environment Facility;
4. *Also requests* the Global Environment Facility to further specify the steps that it has undertaken in response to the request contained in decision 9/CP.18, paragraph 1(c);
5. *Further requests* the Global Environment Facility to include, in its report to the Conference of the Parties at its twentieth session (December 2014), information on the modalities that it has established in response to paragraph 5 of the memorandum of

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<sup>1</sup> FCCC/CP/2013/3 and Add.1 and 2.

<sup>2</sup> FCCC/CP/2013/8.

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understanding<sup>3</sup> between the Conference of the Parties and the Council of the Global Environment Facility;

6. *Welcomes* the ongoing work of the Global Environment Facility on defining the focal area strategies pertaining to climate change for the sixth replenishment period as well as the development of the draft Global Environment Facility 2020 strategy;

7. *Also welcomes* the efforts of the Global Environment Facility to promote synergies between its focal areas, including through multifocal programmes and projects;

8. *Emphasizes* the need for the Global Environment Facility to consider lessons learned from past replenishment periods in its deliberations on the strategy for the sixth replenishment in order to continue to increase the effectiveness of its operations;

9. *Calls upon* developed country Parties, and *invites* other Parties that make voluntary financial contributions to the Global Environment Facility, to ensure a robust sixth replenishment in order to assist in providing adequate and predictable funding;

10. *Requests* the Global Environment Facility to give due consideration in its sixth replenishment period to funding for small island developing States and the least developed countries in order to enable them to address their urgent needs and to comply with their obligations under the Convention;

11. *Also requests* the Global Environment Facility to support, within its mandate, the implementation of country-driven projects identified in the technology needs assessments prepared by developing country Parties;

12. *Encourages* the Global Environment Facility to continue with its voluntary National Portfolio Formulation Exercise, which has been proved to enhance coordination and coherence at the national level;

13. *Invites* developing country Parties that wish to do so to apply for the National Portfolio Formulation Exercise before the start of the sixth replenishment period of the Global Environment Facility;

14. *Encourages* the Global Environment Facility to finalize the accreditation of new project agencies and assess the possibilities for further expanding the direct access modality;

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<sup>3</sup> FCCC/CP/1996/15/Add.1.

15. *Invites* the Global Environment Facility and all of its implementing agencies and recipient countries to continue to work together to improve institutional arrangements, giving special consideration to expediting the project cycle;

16. *Encourages* the Global Environment Facility to continue to increase the overall transparency and openness of its operations;

17. *Also encourages* the Global Environment Facility to strengthen its collaborative efforts with the Standing Committee on Finance;

18. *Requests* the Global Environment Facility, as an operating entity of the financial mechanism of the Convention, to include in its annual report to the Conference of the Parties information on the steps that it has taken to implement the guidance provided in this decision.

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## Decision 7/CP.19

(FCCC/CP/2013/10/Add.1)

### Report of the Standing Committee on Finance to the Conference of the Parties

*The Conference of the Parties,*

*Recalling* decision 2/CP.17, paragraph 120,

*Also recalling* decision 5/CP.18,

1. *Notes with appreciation* the report of the Standing Committee on Finance;<sup>1</sup>
2. *Welcomes* the continued transparency and openness in the conduct of the work of the Standing Committee on Finance;
3. *Takes note* of the report on the initial forum of the Standing Committee on Finance;<sup>317</sup>
4. *Looks forward* to the second forum, to be held in 2014;
5. *Invites* the Standing Committee on Finance to consider focusing its second forum on mobilizing finance for adaptation from both public and private sectors;
6. *Endorses* the workplan of the Standing Committee on Finance for 2014–2015;<sup>318</sup>
7. *Requests* the Standing Committee on Finance to implement that workplan;
8. *Takes note* of the information provided by the Standing Committee on Finance on the workplan for the biennial assessment and overview of climate finance flows, to be conducted in 2014;
9. *Invites* the Standing Committee on Finance to consider ways to increase its work on the measurement, reporting and verification of support beyond the biennial assessment referred to in paragraph 8 above in accordance with its workplan for 2014–2015 and its mandates;
10. *Calls on* the Standing Committee on Finance to further enhance its linkages with the Subsidiary Body for Implementation

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<sup>1</sup> FCCC/CP/2013/8.

<sup>2</sup> FCCC/CP/2013/8, annex II.

<sup>3</sup> FCCC/CP/2013/8, annex VIII.

and the thematic bodies of the Convention as mandated by decision 2/CP.17, paragraph 121(b);

11. *Requests* the Standing Committee on Finance to consider, in its work on coherence and coordination, inter alia, the issue of financing for forests, taking into account different policy approaches;

12. *Also requests* the Standing Committee on Finance to include in its annual report to the Conference of the Parties information on progress made in the implementation of its workplan for 2014–2015 and the guidance provided in this decision.

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## Decision 8/CP.19

(FCCC/CP/2013/10/Add.1)

### Fifth Review of the Financial Mechanism

*The Conference of the Parties,*

*Recalling* decisions 3/CP.4, 2/CP.12, 6/CP.13, 2/CP.16 and 2/CP.17,

*Taking into account* decision 8/CP.18,

1. *Welcomes* the draft updated guidelines provided by the Standing Committee on Finance as contained in its report to the Conference of the Parties;<sup>1</sup>
2. *Decides* to adopt the updated guidelines annexed to this decision;
3. *Requests* the Standing Committee on Finance to continue to provide expert input to the fifth review of the financial mechanism, with a view to the review being finalized by the Conference of the Parties at its twentieth session (December 2014).

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<sup>1</sup> FCCC/CP/2013/8, annex IV.

## Annex

### Updated guidelines for the fifth review of the financial mechanism

#### A. Objectives

1. In accordance with Article 11, paragraph 4, of the Convention, the objectives of the fifth review of the financial mechanism will be as follows:

(a) To review the financial mechanism and take appropriate measures regarding:

- (i) Its conformity with the provisions of Article 11 of the Convention and the guidance provided by the Conference of the Parties (COP);
- (ii) The effectiveness of the activities it funds in implementing the Convention;
- (iii) Its effectiveness in providing financial resources on a grant or concessional basis, including for the transfer of technology, for the implementation of the Convention's objective on the basis of the guidance provided by the COP;
- (iv) Its effectiveness in providing resources to developing country Parties under Article 4, paragraph 3, of the Convention;
- (v) The effectiveness of access modalities for developing countries;

(b) To examine how to improve consistency and complementarity of the financial mechanism with other sources of investment and financial flows, including:

- (i) Examining relevant sources, channels and means of financing, as indicated in Article 11, paragraph 5, of the Convention, that would assist developing country Parties to contribute to the achievement of the objective of the Convention, in particular innovative means of financing, such as for the development of endogenous technologies in developing countries;



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- (ii) Examining the role of the financial mechanism in scaling up the level of resources;
  - (iii) Assessing enabling environments for catalysing investment in, and the transfer of, environmentally sound technologies that mitigate greenhouse gas emissions, and for enhancing resilience to climate change.

## **B. Sources of information**

2. The review shall draw upon, inter alia, the following sources of information:

- (a) Information provided by Parties on their experiences regarding the financial mechanism support provided and received in accordance with COP decisions;
- (b) Annual reviews by the COP on the conformity of the activities of the financial mechanism with the guidance provided by the COP;
- (c) The annual report of the Standing Committee on Finance to the COP on its activities and other relevant information documents regarding the Standing Committee on Finance;
- (d) The annual report of the Global Environment Facility (GEF) to the COP on its activities as an operating entity of the financial mechanism, including the information on the Least Developed Countries Fund and the Special Climate Change Fund, and other relevant GEF policy and information documents;
- (e) The reports from the GEF Independent Evaluation Office;
- (f) The annual report of the Green Climate Fund (GCF) to the COP on its activities as an operating entity of the financial mechanism and other relevant GCF policy and information documents;
- (g) The report of the Adaptation Fund Board to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol and the outcomes of the initial review of the Adaptation Fund;

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- (h) The outcomes and reports from the United Nations processes, relevant bilateral and multilateral funding institutions and other intergovernmental and non-governmental organizations dealing with climate change financing;
  - (i) Relevant reports on private-sector financing and investment for climate change activities;
  - (j) Technical papers and reports prepared by the secretariat at the request of the COP, which are relevant to the financial needs of developing country Parties under the Convention;
  - (k) Information contained in the national communications of Parties to the Convention, technology needs assessments and national adaptation programmes of action;
  - (l) Information on fast-start finance provided by developed country Parties and other information on fast-start finance;
  - (m) The reports on the work programme on long-term finance;
  - (n) The report on the workshops of the work programme under decisions 1/CP.16 and 2/CP.17 on policy approaches and positive incentives;
  - (o) The reports of the Least Developed Countries Expert Group and the Consultative Group of Experts on National Communications from Parties not included in Annex I to the Convention.

## C. Criteria

3. The effectiveness of the financial mechanism will be assessed taking into account the following:
  - (a) The transparency of decision-making processes of the operating entities of the financial mechanism;
  - (b) The level of stakeholder involvement;
  - (c) The extent to which the financial mechanism is contributing to gender-sensitive approaches;
  - (d) The adequacy, predictability, accessibility and timely disbursement of funds for activities in developing country Parties;

(e) The responsiveness and efficiency of the GEF project cycle and expedited procedures, including its operational strategy, as they relate to climate change;

(f) The amount of resources provided to developing country Parties, including financing for technical assistance and investment projects, and the mechanisms for country allocation, as well as the results and impacts achieved by the resources provided;

(g) The amount of finance leveraged and modalities of co-financing when applicable;

(h) The extent to which the resources provided are contributing to achieving the objectives of the Convention;

(i) The sustainability of funded programmes, projects and operations in developing country Parties;

(j) The extent to which the financial mechanism is contributing to country ownership of programmes and projects.

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## Decision 1/CMP.9

(FCCC/KP/CMP/2013/9/Add.1)

### Report of the Adaptation Fund Board

*The Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol,*

*Recalling* Article 12, paragraph 8, of the Kyoto Protocol,

*Also recalling* previous decisions of the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol on the report of the Adaptation Fund Board,

*Further recalling* decision 1/CMP.8,

*Taking note of* the report of the Adaptation Fund Board,<sup>1</sup>

*Noting with concern* the level of market prices of certified emission reductions and the expected impact on the availability of funding from the Adaptation Fund,

*Taking note of* the information on the status of the resources of the Adaptation Fund,<sup>2</sup>

1. *Adopts* the amendment to the terms and conditions of services to be provided by the International Bank for Reconstruction and Development (the World Bank) as trustee for the Adaptation Fund on an interim basis;<sup>3</sup>

2. *Notes* the following information, actions and decisions relating to the Adaptation Fund Board in accordance with decision 1/CMP.4, paragraph 10:

(a) The accreditation of 15 national implementing entities, including one during the reporting period, that can access resources from the Adaptation Fund directly;

(b) Cumulative project and programme approvals reaching USD 184 million;

(c) The funds available for projects and programmes implemented by multilateral implementing entities that reached the 50 per cent cap established by Adaptation Fund Board decision B.12/9;

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<sup>1</sup> FCCC/KP/CMP/2013/2.

<sup>2</sup> FCCC/SBI/2013/INF.2.

<sup>3</sup> FCCC/KP/CMP/2013/2, annex I.

(d) The establishment of a pipeline of eight projects and programmes recommended for approval by the Project and Programme Review Committee for which no funds were available;

3. *Also notes* that cumulative receipts into the Adaptation Fund Trust Fund reached USD 324.4 million, with USD 188.3 million coming from the monetization of certified emission reductions and USD 136.1 million from additional contributions;

4. *Further notes* that funds available for new funding approvals amounted to USD 115.8 million as at 31 July 2013 and that potential cumulative additional resources from the monetization of certified emission reductions up to the end of 2020 are estimated at USD 15–30 million;<sup>4</sup>

5. *Notes with concern* issues related to the sustainability, adequacy and predictability of funding from the Adaptation Fund given the current prices of certified emission reductions;

6. *Takes note with appreciation* of the continued efforts of the Adaptation Fund Board to promote the accreditation of national implementing entities and direct access to the resources of the Adaptation Fund;

7. *Invites* the Adaptation Fund Board to provide, in its report to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol at its tenth session (December 2014), its views on the matters included in the terms of reference for the second review of the Adaptation Fund annexed to decision 2/CMP.9, taking into account the deliberations and conclusions of the Subsidiary Body for Implementation at its fortieth session (June 2014);

8. *Decides* that an account held in the clean development mechanism registry for the Adaptation Fund shall be the recipient of the 2 per cent share of proceeds levied in accordance with decision 1/CMP.8, paragraph 21;

9. *Requests* the Adaptation Fund Board to consider the arrangements for the monetization of the 2 per cent share of proceeds referred to in paragraph 8 above, including the appropriate entity or entities to monetize the share of proceeds, and to forward a recommendation to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol for consideration at its tenth session;

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<sup>4</sup> Estimate based on current certified emission reduction prices and estimated certified emission reduction issuance levels.

10. *Also requests* the Adaptation Fund Board to develop and approve the legal arrangements with the trustee regarding the services for the 2 per cent share of proceeds referred to in paragraph 8 above for approval by the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol;

11. *Takes note of* the Adaptation Fund Board's fundraising strategy and campaign to raise USD 100 million by the end of 2013, as detailed in the report of the Adaptation Fund Board to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol at its ninth session;

12. *Continues to encourage* Parties included in Annex I to the Convention and international organizations to provide funding to support the Adaptation Fund Board's goal of the fundraising strategy and campaign referred to in paragraph 11 above and to scale up funding, with a view to reaching the Board's fundraising goal from resources that are additional to the share of proceeds from clean development mechanism project activities, the first international transfers of assigned amount units and the issuance of emission reduction units for activities under Article 6 of the Kyoto Protocol;

13. *Welcomes* the financial contributions that have been made to the Adaptation Fund in 2013 by the Governments of Sweden and the Brussels-Capital Region in Belgium, and the pledges of contributions to the Adaptation Fund made by the Governments of Austria, Belgium, Finland, France, Germany, Norway and Switzerland in accordance with decision 4/CMP.5, paragraph 9.

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## Decision 2/CMP.9

(FCCC/KP/CMP/2013/9/Add.1)

### Second Review of the Adaptation Fund

*The Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol,*

*Recalling* decisions 1/CMP.3 and 6/CMP.6 on the three-year review cycle for the Adaptation Fund and the annex to decision 6/CMP.6,

*Also recalling* decision 4/CMP.8, paragraph 10, requesting the Subsidiary Body for Implementation to initiate the second review of the Adaptation Fund in accordance with the terms of reference contained in the annex to decision 6/CMP.6, or as these guidelines may be subsequently amended,

1. *Decides* that the review will be undertaken in accordance with the terms of reference contained in the annex to this decision;
2. *Requests* the Adaptation Fund Board to make available in its report to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol at its tenth session (December 2014) information on the financial status of the Adaptation Fund, with a view to finalizing the second review of the Adaptation Fund at the same session;
3. *Invites* Parties and observer organizations, as well as other interested international organizations, stakeholders and non-governmental organizations involved in the activities of the Adaptation Fund and implementing entities accredited by the Adaptation Fund Board to submit to the secretariat, by 26 March 2014, their views on the review of the Adaptation Fund based on the terms of reference contained in the annex to this decision;
4. *Requests* the secretariat to make available on the UNFCCC website the views referred to in paragraph 3 above, for consideration by the Subsidiary Body for Implementation at its fortieth session (June 2014);
5. *Also requests* the Subsidiary Body for Implementation to consider the second review of the Adaptation Fund at its fortieth session, with a view to recommending a draft decision for consideration and adoption by the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol at its tenth session;

6. *Further requests* the secretariat, subject to the availability of financial resources, in collaboration with the Adaptation Fund Board secretariat, to prepare a technical paper based on the terms of reference contained in the annex to this decision, taking into account the deliberations and conclusions of the Subsidiary Body for Implementation at its fortieth session, for consideration by the Subsidiary Body for Implementation at its forty-first session (December 2014).



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## Annex

### **Terms of reference for the second review of the Adaptation Fund**

#### **I. Objective**

1. The objective of the second review is to ensure the effectiveness, sustainability and adequacy of the operation of the Fund, with a view to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol (CMP) adopting an appropriate decision on this matter at CMP 10.

#### **II. Scope**

2. The scope of the second review of the Adaptation Fund will cover the progress made to date and lessons learned in the operationalization and implementation of the Fund, and will focus on, inter alia:

(a) The provision of sustainable, predictable and adequate financial resources, including the potential diversification of revenue streams, to fund concrete adaptation projects and programmes that are country driven and based on the needs, views and priorities of eligible Parties;

(b) Lessons learned from the application of the access modalities of the Adaptation Fund;

(c) The institutional linkages and relations, as appropriate, between the Adaptation Fund and other institutions, in particular institutions under the Convention;

(d) The institutional arrangements for the Adaptation Fund, in particular the arrangements with the interim secretariat and the interim trustee.

### III. Sources of information

3. The review shall draw upon, inter alia, the following sources of information:

(a) Submissions from Parties to the Kyoto Protocol, observer organizations, as well as other interested international organizations, stakeholders and non-governmental organizations involved in the activities of the Adaptation Fund, and implementing entities accredited by the Adaptation Fund Board on their experiences regarding the Adaptation Fund;

(b) The annual report of the Global Environment Facility (GEF) to the Conference of the Parties (COP) on its activities as an operating entity of the financial mechanism of the Convention, including the information on the Least Developed Countries Fund and the Special Climate Change Fund, and other relevant GEF policy, information and evaluation documents;

(c) The annual report of the Green Climate Fund (GCF) to the COP on its activities as an operating entity of the financial mechanism of the Convention and other relevant GCF policy and information documents;

(d) The report of the Adaptation Fund Board to the CMP and the outcomes of the initial review of the Adaptation Fund;

(e) The outcomes and reports from the United Nations processes, relevant bilateral and multilateral funding institutions and other intergovernmental and non-governmental organizations dealing with climate change financing;

(f) The reports on the forum of the Standing Committee on Finance;

(g) The technical paper prepared by the secretariat upon the request of the CMP on steps and time frames to conduct an open and competitive bidding process for selecting host institutions for entities under the Convention;<sup>1</sup>

(h) The reports of the work programme on long-term finance;

(i) The reports of the Least Developed Countries Expert Group and the Consultative Group of Experts on National Communications from Parties not included in Annex I to the Convention.

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<sup>1</sup> FCCC/TP/2013/1.

## Decision 1/CP.18 - V

(FCCC/CP/2012/8/Add.1)

### Agreed outcome pursuant to the Bali Action Plan

#### V. Enhanced action on the provision of financial resources and investment to support action on mitigation and adaptation and technology cooperation

*The Conference of the Parties,*

*Recalling* Article 4 of the Convention,

*Also recalling* decisions 1/CP.16, 2/CP.17 and 3/CP.17,

*Acknowledging* the delivery of fast-start finance by developed country Parties to fulfil their collective commitment of USD 30 billion, and *inviting* developed country Parties to expedite its full disbursement,

*Also acknowledging* the need to scale up climate finance,

*Reaffirming* 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 country Parties, and that funds provided to developing country Parties may come from a wide variety of sources, public and private, bilateral and multilateral, including alternative sources,

*Acknowledging* the pledges and announcements made by several developed country Parties on the continuation of climate finance post 2012;

63. *Urges* additional developed country Parties to announce climate finance pledges when their financial circumstances permit;

64. *Reiterates* that a significant share of new multilateral funding for adaptation should flow through the Green Climate Fund, and the request to the Board of the Green Climate Fund to balance the allocation of the resources of the Green Climate Fund between adaptation and mitigation activities;

65. *Calls on* developed country Parties to channel a substantial share of public funds to adaptation activities;

66. *Urges* all developed country Parties to scale up climate finance from a wide variety of sources, public and private, bilateral

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and multilateral, including alternative sources, to the joint goal of mobilizing USD 100 billion per year by 2020;

67. *Invites* developed country Parties to submit, by the nineteenth session of the Conference of the Parties, information on their strategies and approaches for mobilizing scaled-up climate finance to USD 100 billion per year by 2020 in the context of meaningful mitigation actions and transparency on implementation;

68. *Encourages* developed country Parties to further increase their efforts to provide resources of at least to the average annual level of the fast-start finance period for 2013–2015;

69. *Decides* to extend the work programme on long-term finance for one year to the end of 2013, with the aim of informing developed country Parties in their efforts to identify pathways for mobilizing the scaling up of climate finance to USD 100 billion per year by 2020 from public, private and alternative sources in the context of meaningful mitigation actions and transparency on implementation, and informing Parties in enhancing their enabling environments and policy frameworks to facilitate the mobilisation and effective deployment of climate finance in developing countries;

70. *Looks forward* to the implementation of the work programme of the Standing Committee, including the creation of a climate finance forum which will enable all Parties and stakeholders to, inter alia, exchange ideas on scaling up climate finance;

71. *Requests* the Standing Committee, in initiating the first biennial assessment and overview of climate finance flows, to take into account relevant work by other bodies and entities on the measurement, reporting and verification of support and the tracking of climate finance;

72. *Requests* the Board of the Green Climate Fund to expeditiously implement its 2013 workplan, with a view to making the Green Climate Fund operational as soon as possible to enable an early and adequate replenishment process;

73. *Agrees* to consider the progress made in the mobilization of long-term finance at its nineteenth session, through an in-session high-level ministerial dialogue under the Conference of the Parties on efforts being undertaken by developed country Parties to scale up the mobilization of climate finance after 2012, informed by inputs from Parties, technical bodies and processes under the Convention, as well as the outcomes of the extended work programme on long-term finance.

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## Decision 1/CP.18

(FCCC/CP/2012/8/Add.3)

### Agreed outcome pursuant to the Bali Action Plan

*The Conference of the Parties,*

*Recalling* decisions 1/CP.13 (Bali Action Plan), 1/CP.15, 1/CP.16 and 2/CP.17,

*Acknowledging* the significant achievements of the Ad Hoc Working Group on Long-term Cooperative Action under the Convention towards enabling the full, effective and sustained implementation of the Convention,

*Welcoming* the new institutional arrangements and processes established as a result of the work of the Ad Hoc Working Group on Long-term Cooperative Action under the Convention and the progress made in making them operational and effective,

*Determined* to fully implement the agreements reached and further enhance long-term cooperative action under the Convention in order to achieve its ultimate objective,

*Welcoming* decision 1/CMP.8 on the Doha Amendment to the Kyoto Protocol pursuant to its Article 3, paragraph 9, as well as decision 2/CP.18 on Advancing the Durban Platform,

*Noting* that this decision, together with decisions adopted by the Conference of the Parties at its sixteenth and seventeenth sessions, constitutes the agreed outcome pursuant to decision 1/CP.13,

*9th plenary meeting  
7 December 2012*

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## Decision 4/CP.18

(FCCC/CP/2012/8/Add.1)

### Work programme on long-term finance

*The Conference of the Parties,*

*Recalling* Articles 4 and 11 of the Convention,

*Also recalling* decisions 1/CP.13 (Bali Action Plan), 1/CP.16 and 2/CP.17,

*Recognizing* the contribution of the work programme on long-term finance to the ongoing efforts to scale up the mobilization of climate change finance after 2012 pursuant to decision 2/CP.17,

1. *Takes note* of the report by the co-chairs on the workshops of the work programme on long-term finance;<sup>1</sup>
2. *Decides* to extend the work programme on long-term finance for one year to the end of 2013, with the aim of informing developed country Parties in their efforts to identify pathways for mobilizing the scaling up of climate finance to USD 100 billion per year by 2020 from public, private and alternative sources in the context of meaningful mitigation actions and transparency on implementation, and informing Parties in enhancing their enabling environments and policy frameworks to facilitate the mobilization and effective deployment of climate finance in developing countries;
3. *Invites* the President of the Conference of the Parties to appoint two co-chairs, one from a developing country Party and one from a developed country Party, for the work programme mentioned in paragraph 2 above;
4. *Requests* the co-chairs to report back to the Conference of the Parties at its nineteenth session on the outcomes of the work programme;
5. *Invites* Parties and the thematic and expert bodies under the Convention to submit to the secretariat, by 21 March 2013, their views on long-term finance, taking into account the report on the workshops of the work programme on long-term finance, with a view to the secretariat preparing an information document for consideration by the co-chairs of the work programme;

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<sup>1</sup> FCCC/CP/2012/3.

6. *Requests* the Standing Committee to support the implementation of the work programme by providing expert inputs;
  7. *Decides* that the work programme on long-term finance shall be open and transparent;
  8. *Agrees* to continue the existing processes within the Convention for assessing and reviewing the needs of developing country Parties for financial resources to address climate change and its adverse effects, including the identification of options for the mobilization of these resources, and the adequacy, predictability, sustainability and accessibility of these resources.
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## Decision 5/CP.18

(FCCC/CP/2012/8/Add.1)

### Report of the Standing Committee

*The Conference of the Parties,*

*Recalling* Articles 4 and 11 of the Convention,

*Also recalling* decision 2/CP.17, paragraph 120, in which it was decided that the Standing Committee shall report and make recommendations to the Conference of the Parties, for its consideration, at each ordinary session of the Conference of the Parties, on all aspects of its work,

1. *Welcomes* the operationalization of the Standing Committee in accordance with decision 2/CP.17, paragraphs 120–125, and the progress achieved by the Standing Committee;
2. *Notes with appreciation* the report of the Standing Committee on the outcomes of its two meetings in 2012,<sup>1</sup> including on the elaboration of its working modalities, its work programme for 2013–2015, including the organization of the forum of the Standing Committee, and its recommendations regarding guidance to the operating entities of the financial mechanism of the Convention;
3. *Endorses* the work programme of the Standing Committee for 2013–2015, contained in annex II to the report of the Standing Committee;
4. *Welcomes* the work on the forum of the Standing Committee and encourages the Standing Committee to facilitate the participation of the private sector, financial institutions and academia in the forum;
5. *Requests* the Standing Committee to report on the forum in its report to the Conference of the Parties;
6. *Adopts* the revised composition and working modalities of the Standing Committee as contained in annex IV to the report of the Standing Committee;
7. *Decides* that the Chair and Vice-Chair of the Standing Committee shall serve as Co-Chairs of the Standing Committee, effective from the first meeting of the Standing Committee in 2013;

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<sup>1</sup> FCCC/CP/2012/4.



8. *Welcomes* the financial contributions provided by the European Union and the Government of Norway to support the work of the Standing Committee;
  9. *Decides* that the name of the Standing Committee shall be changed to the Standing Committee on Finance;
  10. *Invites* developed country Parties to submit to the secretariat, by May 2014, information on the appropriate methodologies and systems used to measure and track climate finance;
  11. *Requests* the Standing Committee, in preparing the first biennial assessment and overview of financial flows, to consider ways of strengthening methodologies for reporting climate finance;
  12. *Requests* the Standing Committee to consider the guidance provided to the Standing Committee in other decisions of the Conference of the Parties.
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## Decision 6/CP.18

(FCCC/CP/2012/8/Add.1)

### **Report of the Green Climate Fund to the Conference of the Parties and guidance to the Green Climate Fund**

*The Conference of the Parties,*

*Recalling* Article 11 of the Convention,

*Also recalling* decision 1/CP.16, paragraph 102, and decision 3/CP.17, paragraphs 2–6, 12 and 13,

*Reaffirming* that a significant share of new multilateral funding for adaptation should flow through the Green Climate Fund,

*Reiterating* the request to the Board of the Green Climate Fund to balance the allocation of the Green Climate Fund resources between adaptation and mitigation activities,

*Taking into account* the initial guidance to the operating entities of the financial mechanism of the Convention contained in decision 11/CP.1,

*Taking note* of the ongoing efforts to operationalize the Green Climate Fund,

*Welcoming* the nomination of the Board of the Green Climate Fund,

*Emphasizing* the important role of the Green Climate Fund in the climate finance architecture,

*Noting with appreciation* the progress of the Board of the Green Climate Fund in operationalizing the Green Climate Fund, the prompt set-up of the interim secretariat of the Fund by the UNFCCC and Global Environment Facility and the establishment of the Financial Intermediary Fund for the Green Climate Fund by the World Bank serving as interim trustee of the Fund,

1. *Takes note with appreciation* of the first annual report of the Board of the Green Climate Fund to the Conference of the Parties;<sup>1</sup>

2. *Expresses* its gratitude to Germany, Mexico, Namibia, Poland, Republic of Korea and Switzerland for submitting their offers to host the Green Climate Fund;

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<sup>1</sup> FCCC/CP/2012/5.

3. *Welcomes and endorses* the consensus decision of the Board of the Green Climate Fund to select Songdo, Incheon, Republic of Korea as the host of the Green Climate Fund, on the basis of an open and transparent process;

4. *Requests* the Board of the Green Climate Fund and the Republic of Korea to conclude, in accordance with decision 3/CP.17, annex, paragraphs 7 and 8, the legal and administrative arrangements for hosting the Green Climate Fund, and to ensure that juridical personality and legal capacity are conferred to the Green Climate Fund, and the necessary privileges and immunities are granted to the Green Climate Fund and its officials in an expedited manner;

5. *Notes* the progress made by the Board of the Green Climate Fund and calls on the Board to ensure that the Green Climate Fund expeditiously implements its workplan and develops the policies, eligibility criteria and programmes of the Green Climate Fund, taking into account the guidance of the Conference of the Parties with a view to making the Green Climate Fund operational as soon as possible;

6. *Decides* to provide initial guidance to the Green Climate Fund at its nineteenth session;

7. *Requests* the Board of the Green Climate Fund, in its report to the Conference of the Parties at its nineteenth session, to report on the implementation of decision 3/CP.17 in which inter alia requested the Board:

(a) To develop a transparent no-objection procedure to be conducted through national designated authorities referred to in paragraph 46 of the governing instrument,<sup>2</sup> in order to ensure consistency with national climate strategies and plans and a country-driven approach and to provide for effective direct and indirect public and private-sector financing by the Green Climate Fund, and to determine this procedure prior to approval of funding proposals by the Fund;

(b) To balance the allocation of the resources of the Green Climate Fund between adaptation and mitigation activities;

(c) To secure funding for the Green Climate Fund, taking into account paragraphs 29 and 30 of the governing instrument, to facilitate its expeditious operationalization, and to establish the necessary policies and procedures to enable an early and adequate replenishment process;

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<sup>2</sup> Decision 3/CP.17, annex.

(d) To establish the independent secretariat of the Green Climate Fund in the host country in an expedited manner as soon as possible, in accordance with paragraph 19 of the governing instrument;

(e) To select the trustee of the Green Climate Fund through an open, transparent and competitive bidding process in a timely manner to ensure that there is no discontinuity in trustee services;

(f) To initiate a process to collaborate with the Adaptation Committee and the Technology Executive Committee, as well as other relevant thematic bodies under the Convention, to define linkages between the Fund and these bodies, as appropriate;

8. *Looks forward* to the appointment of the Executive Director of the Green Climate Fund in accordance with decision 3/CP.17.

9. *Reaffirms* its decision that the interim arrangements<sup>3</sup> should terminate no later than the nineteenth session of the Conference of the Parties.

10. *Requests* the Board of the Green Climate Fund to continue to include in its report to the Conference of the Parties the specific steps that it has undertaken to implement the request contained in paragraphs 5 and 7 above, as well as information on the status of financial contributions for the administrative budget of the Green Climate Fund, including the administrative costs of the Board of the Green Climate Fund and its interim secretariat;

11. *Expresses its appreciation* for the cumulative contributions of USD 4.298 million as at 4 December 2012 from the Governments of Australia, Finland, Netherlands, Republic of Korea and Sweden for the administrative budget of the Green Climate Fund to the Green Climate Fund Trust Fund established by the interim trustee of the Fund;

12. *Also expresses its appreciation* to the Governments of Denmark, Germany, Norway, Spain, Switzerland and United States of America for approving the total amount of approximately USD 1.32 million carried over from contributions made to the Transitional Committee for further use in 2012 by the interim secretariat of the Green Climate Fund;

13. *Welcomes* the cumulative pledges of USD 4.554 million for the administrative budget of the Green Climate Fund made by the Governments of Denmark, France, Germany, Japan, Norway and the

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<sup>3</sup> Decision 3/CP.17 paragraph 19.

United Kingdom of Great Britain and Northern Ireland as at 29 November 2012 and expects their early fulfilment;

14. *Requests* the Board of the Green Climate Fund to expeditiously implement its 2013 workplan, with a view to making the Green Climate Fund operational as soon as possible, which will enable an early and adequate replenishment process;

15. *Requests* the Board of the Green Climate Fund to make available its annual reports to the Conference of the Parties as early as possible, and no later than 12 weeks prior to a session of the Conference of the Parties, for consideration by Parties;

16. *Invites* Parties to submit to the secretariat annually, and no later than 10 weeks prior to the subsequent session of the Conference of the Parties, their views and recommendations in writing on the elements to be taken into account in developing guidance to the operating entities of the financial mechanism of the Convention;

17. *Requests* the secretariat to compile the submissions referred to in paragraph 16 above into a miscellaneous document for consideration by Parties in developing guidance to the operating entities of the financial mechanism of the Convention.

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## Decision 7/CP.18

(FCCC/CP/2012/8/Add.1)

### Arrangements between the Conference of the Parties and the Green Climate Fund

*The Conference of the Parties,*

*Recalling* Article 11, in particular its paragraph 3;

*Also recalling* decisions 1/CP.16 and 3/CP.17, which, inter alia, designated the Green Climate Fund as an operating entity of the financial mechanism of the Convention;

1. *Recognizes* that the provisions contained in Article 11, paragraph 3, and decision 3/CP.17 and the governing instrument of the Green Climate Fund contained in the annex to 3/CP.17 form the basis for arrangements between the Conference of the Parties and the Green Climate Fund to ensure that the Green Climate Fund 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;

2. *Requests* the Standing Committee and the Board of the Green Climate Fund to develop arrangements between the Conference of the Parties and the Green Climate Fund in accordance with the governing instrument of the Green Climate Fund and Article 11, paragraph 3, for agreement by the Board and subsequent agreement by the Conference of the Parties at its nineteenth session.

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## Decision 8/CP.18

(FCCC/CP/2012/8/Add.1)

### Review of the financial mechanism

*The Conference of the Parties,*

*Taking into account* Article 4, paragraphs 3, 4, 5, 8 and 9, Article 7 and Article 11, paragraph 4, of the Convention,

*Recalling* decisions 3/CP.4, 2/CP.12, 6/CP.13, 2/CP.16 and 3/CP.17,

1. *Decides* to initiate the fifth review of the financial mechanism, in accordance with the criteria contained in the guidelines annexed to decisions 3/CP.4 and 6/CP.13 and further guidelines that may be developed;
2. *Requests* the Standing Committee, in accordance with its mandate contained in decision 2/CP.17, paragraph 121(e), and taking into account existing guidelines and recent developments within the financial mechanism of the Convention, drawing upon information from, inter alia, fast-start finance, the work of the Green Climate Fund, taking into account its early stage of operationalization, the initial review of the Adaptation Fund and the work programme on long-term finance, to further amend the guidelines for the review of the financial mechanism, and to provide draft updated guidelines for consideration and adoption by the Conference of the Parties at its nineteenth session, with a view to finalizing the fifth review of the financial mechanism for consideration by the Conference of the Parties at its twentieth session;
3. *Also requests* the Standing Committee to provide periodic updates on the status of its work relating to the fifth review of the financial mechanism to the Subsidiary Body for Implementation for its consideration, beginning at its thirty-eighth session, with the aim of ensuring an inclusive and transparent process;
4. *Invites* Parties to submit to the secretariat by 1 March 2013 for consideration by the Standing Committee their views and recommendations on elements in the development of the further guidelines for the fifth review of the financial mechanism.

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## Decision 9/CP.18

(FCCC/CP/2012/8/Add.1)

### **Report of the Global Environment Facility to the Conference of the Parties and additional guidance to the Global Environment Facility**

*The Conference of the Parties,*

*Recalling* decisions 12/CP.2, 3/CP.16, 5/CP.16, 7/CP.16 and 11/CP.17,

*Also recalling* decision 5/CP.7, paragraph 7(a)(iv),

*Taking note with appreciation* of the annual report of the Global Environment Facility to the Conference of the Parties, which provides information on its efforts to improve the effectiveness and efficiency of the allocation of funding,<sup>1</sup>

*Noting* the recommendations of the Standing Committee with regard to the provision of draft guidance for the operating entities of the financial mechanism of the Convention,

*Taking note* of the decisions taken at the 43<sup>rd</sup> meeting of the Council of the Global Environment Facility, in particular the decision on Financial Projections for GEF-5 Programming Options,

1. *Requests* the Global Environment Facility, as an operating entity of the financial mechanism of the Convention:

(a) To make available support to non-Annex I Parties for preparing their subsequent BURs, fully taking into account decision 2/CP.17, paragraph 41(a) and (e);

(b) To provide funds for technical support for the preparation of BURs from non-Annex I Parties, similar to that provided by the National Communications Support Programme, recognizing that the costs of such technical support are not deducted from the funds provided to non-Annex I Parties for the preparation of their BURs;

(c) Through the Special Climate Change Fund, to consider how to enable activities for the preparation of the national adaptation plan process for interested developing country Parties that are not least developed country Parties, as it requested the Global Environment Facility, through the Least Developed Countries Fund, to consider how to enable activities for the preparation of the

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<sup>1</sup> FCCC/CP/2012/6 and Add.1 and 2.



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national adaptation plan process for the least developed country Parties in decision 5/CP.17, paragraph 22;<sup>2</sup>

2. *Also requests* the Global Environment Facility, as an operating entity of the financial mechanism of the Convention, in its annual report to the Conference of the Parties, to include information on the steps it has taken to implement the guidance provided in paragraph 1 above;

3. *Invites* the Global Environment Facility, as an operating entity of the financial mechanism of the Convention, to submit to the Subsidiary Body for Implementation at its thirty-eighth session, through the secretariat, information on the status of resources available for programming in its fifth replenishment period, and on any possible contingency measures regarding the allocation of resources for implementing climate change projects;

4. *Urges* contributing Parties to fulfil their financial pledges for the fifth replenishment period of the Global Environment Facility;

5. *Also urges* developed country Parties to mobilize financial support for the national adaptation plan process for interested developing country Parties that are not least developed country Parties through bilateral and multilateral channels, including through the Special Climate Change Fund, in accordance with decision 1/CP.16, as it urged developed country Parties to mobilize financial support for the national adaptation plan process for least developed country Parties in decision 5/CP.17, paragraph 21;<sup>3</sup>

6. *Requests* the Global Environment Facility, as an operating entity of the financial mechanism of the Convention, to make its annual report to the Conference of the Parties available as early as possible and no later than 14 weeks prior to a session of the Conference of the Parties, for consideration by Parties;

7. *Invites* Parties to submit to the secretariat annually, and no later than 10 weeks prior to a session of the Conference of the Parties, their views and recommendations in writing on the elements to be taken into account in the development of annual guidance for the operating entities of the financial mechanism of the Convention;

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<sup>2</sup> FCCC/SB/2012/3, paragraph 27(e).

<sup>3</sup> FCCC/SB/2012/3, paragraph 27(d).

8. *Requests* the secretariat to compile the submissions referred to in paragraph 7 above, for consideration by Parties in developing guidance for the operating entities of the financial mechanism of the Convention;

9. *Also requests* the Standing Committee to provide to the Conference of the Parties at each of its sessions, beginning in 2013, draft guidance for the Global Environment Facility, as an operating entity of the financial mechanism of the Convention, based on the annual report of the Global Environment Facility to the Conference of the Parties and the views submitted by Parties as set out in paragraph 7 above.

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## Decision 10/CP.18

(FCCC/CP/2012/8/Add.1)

### Further guidance to the Least Developed Countries Fund

*The Conference of the Parties,*

*Recognizing* the specific needs and special circumstances of the least developed countries, as referred to in Article 4, paragraph 9, of the Convention,

*Recalling* decisions 6/CP.9, 3/CP.11, 5/CP.14, 5/CP.16 and 9/CP.17,

*Also recalling* the least developed countries work programme, as defined in decision 5/CP.7,

*Noting* the report on the twenty-second meeting of the Least Developed Countries Expert Group,<sup>1</sup> the report of the Global Environment Facility to the Conference of the Parties at its eighteenth session<sup>2</sup> and the synthesis report prepared by the secretariat,<sup>3</sup>

*Taking note* of the decisions taken at the 43<sup>rd</sup> meeting of the Council of the Global Environment Facility,

*Welcoming* the key GEF-5 reform to expand the Global Environment Facility partnership,

*Expressing its appreciation* for the continuing efforts of the Global Environment Facility to undertake this important reform,

1. *Welcomes* the increased allocation and disbursement of funds to least developed country Parties under the Least Developed Countries Fund;
2. *Notes with appreciation* the Parties included in Annex II to the Convention that have made additional contributions to the Least Developed Countries Fund;
3. *Takes note* of the increased number of least developed countries successfully completing the preparation of their national adaptation programmes of action, including Myanmar and Somalia, and that the Least Developed Countries Fund has financed the

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<sup>1</sup> FCCC/SBI/2012/27.

<sup>2</sup> FCCC/CP/2012/6 and Add.1 and 2.

<sup>3</sup> FCCC/SBI/2012/INF.13.

preparation of 48 national adaptation programmes of action, of which 47 have been completed;

4. *Notes* that the Least Developed Countries Fund has approved funding for 76 national adaptation programmes of action projects in 44 least developed countries;

5. *Requests* the Global Environment Facility, as an operating entity of the financial mechanism of the Convention entrusted with the operation of the Least Developed Countries Fund:

(a) To continue to support all activities contained in the least developed countries work programme;

(b) To continue mobilizing resources to ensure the full implementation of the least developed countries work programme, including the implementation of the elements of the work programme other than national adaptation programmes of action, through, inter alia, capacity-building to improve coordination at different levels of government and across sectors in order to improve project performance in the least developed country Parties, with regard to the implementation of the Convention;

(c) To further facilitate access to the Least Developed Countries Fund by the least developed countries;

(d) To further enhance a country-driven process for the implementation of national adaptation programme of action projects and the implementation of programmatic approaches;

(e) To continue raising awareness of the need for adequate and predictable resources under the Least Developed Countries Fund to allow for the full implementation of the least developed countries work programme, in particular national adaptation programmes of action, as outlined in decision 5/CP.14, paragraph 8;

(f) To enhance communication with its implementing agencies on the updated operational guidelines for the Least Developed Countries Fund;

6. *Also requests* the Global Environment Facility, as an operating entity of the financial mechanism of the Convention entrusted with the operation of the Least Developed Countries Fund, to include, in its annual report to the Conference of the Parties, information on specific actions that it has undertaken to implement this decision, for consideration by the Conference of the Parties at its subsequent sessions;

7. *Invites* Parties included in Annex II to the Convention to continue contributing and other Parties in a position to do so to contribute on a voluntary basis to the Least Developed Countries

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Fund in order to support the implementation of the least developed countries work programme, considering the options contained in the report on the twenty-first meeting of the Least Developed Countries Expert Group;<sup>4</sup>

8. *Also invites* Parties and relevant organizations to submit to the secretariat, by 1 August 2014, information on their experiences with the implementation of the remaining elements of the least developed countries work programme, considering the options contained in the report on the twenty-first meeting of the Least Developed Countries Expert Group, for compilation by the secretariat into a miscellaneous document for consideration by the Subsidiary Body for Implementation at its forty-first session;

9. *Requests* the secretariat to prepare a synthesis report on the progress made in the implementation of the remaining elements of the least developed countries work programme, considering the options contained in the report on the twenty-first meeting of the Least Developed Countries Expert Group, and taking into account information from the Global Environment Facility and its agencies, the submissions referred to in paragraph 8 above, the reports of the Least Developed Countries Expert Group and other relevant sources of information, for consideration by the Subsidiary Body for Implementation at its forty-first session;

10. *Also requests* the Subsidiary Body for Implementation to consider, at its forty-first session, the progress made in the implementation of the remaining elements of the least developed countries work programme, including the updating and implementation of national adaptation programmes of action, with a view to the Conference of the Parties determining, at its twentieth session, appropriate further guidance to be provided to the Least Developed Countries Fund.

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<sup>4</sup> FCCC/SBI/2012/7.

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## Decision 3/CMP.8

(FCCC/KP/CMP/2012/13/Add.2)

### Report of the Adaptation Fund Board

*The Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol,*

*Recalling* Article 12, paragraph 8, of the Kyoto Protocol,

*Also recalling* previous decisions made by the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol on reports of the Adaptation Fund Board,

*Taking note* of the report of the Adaptation Fund Board,<sup>1</sup>

*Noting with concern* the decline in market prices of certified emission reductions, and its expected impact on the availability of funding from the Adaptation Fund,

1. *Notes* the following actions and decisions taken by the Adaptation Fund Board in accordance with decision 1/CMP.4, paragraph 10:

(a) Accreditation of 14 national implementing entities, including eight during the reporting period, that can directly access resources from the Adaptation Fund;

(b) Cumulative approval of funding decisions on adaptation projects and programmes amounting to USD 166.5 million;

(c) The Board's decision to offer Fund certified emission reductions for direct purchase by governments;

(d) The Board's fundraising target set at USD 100 million until 2013;

2. *Also notes* that cumulative receipts into the Adaptation Fund Trust Fund have reached USD 301.1 million;

3. *Further notes* that funds available for new funding approvals amounted to USD 112.8 million by 30 June 2012 and that potential additional resources from the monetization of certified emission reductions up to the end of 2012 are estimated at USD 31.4 million,

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<sup>1</sup> FCCC/KP/CMP/2012/7.

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for total potential additional resources of USD 144.2 million for new project and programme approvals;<sup>2</sup>

4. *Notes with concern* issues related to the sustainability, adequacy and predictability of funding from the Adaptation Fund based on the current uncertainty on the prices of certified emission reductions and the continuation of the Adaptation Fund during and beyond the second commitment period of the Kyoto Protocol;

5. *Requests* the Adaptation Fund Board to report to the Subsidiary Body for Implementation at its thirty-eighth session on the status of resources of the Fund, trends in the flow of resources and any identifiable causes of these trends;

6. *Decides* to consider, at its ninth session, means to enhance the sustainability, adequacy and predictability of these resources, including the potential to diversify revenue streams of the Adaptation Fund, taking into consideration the report of the Adaptation Fund Board as requested in paragraph 5 above;

7. *Takes note with appreciation* of the continued efforts of the Adaptation Fund Board to promote the accreditation of national implementing entities and direct access to Adaptation Fund resources;

8. *Also notes* the successful completion, in accordance with decision 5/CMP.6, paragraph 8, of a series of workshops on the accreditation of national implementing entities, which was concluded in 2012 with two workshops organized by the UNFCCC secretariat in collaboration with the Governments of the Philippines and Samoa, in Manila, the Philippines, from 19 to 21 March 2012 for the Asian and Eastern European regions, and in Apia, Samoa, from 23 to 25 April 2012 for the Pacific subregion;

9. *Welcomes* the financial contributions to the Adaptation Fund made by the Governments of Sweden, Switzerland and the United Kingdom of Great Britain and Northern Ireland, and the pledges of contributions to the Fund made by Australia and the Brussels-Capital

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<sup>2</sup> The estimates provided are based on publicly available information and do not in any way constitute Trustee predictions with respect to future certified emission reduction prices, exchange rates, certified emission reduction issuance or other variables. Based on spot prices for certified emission reductions and the exchange rate between the United States dollar and the euro observed during July 2012, and estimated certified emission reduction issuance from the United Nations Environment Programme Risoe Centre (FCCC/KP/CMP/2012/7, para. 37, footnote 9).

Region of Belgium in accordance with decision 4/CMP.5, paragraph 9;

10. *Also welcomes* the financial contributions provided by the Governments of Australia, Japan, Norway, Spain, Sweden, Switzerland and the United Kingdom of Great Britain and Northern Ireland, and the support provided by the Governments of the Philippines and Samoa, the United Nations Development Programme and the United Nations Environment Programme, for the organization of the regional and subregional workshops on the accreditation of national implementing entities;

11. *Continues to encourage* Parties included in Annex I to the Convention and international organizations to provide funding to the Adaptation Fund, which will be additional to the share of proceeds from clean development mechanism project activities;

12. *Requests* the secretariat to prepare a technical paper, based on the experiences of bodies under the Convention and the wider United Nations system, on the process of selecting host institutions for entities under the Convention and the wider United Nations system, including the steps and time frames required to conduct open and competitive bidding processes, for consideration by the Subsidiary Body for Implementation at its thirty-eighth session.

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## Decision 4/CMP.8

(FCCC/KP/CMP/2012/13/Add.2)

### Initial review of the Adaptation Fund

*The Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol,*

*Recalling decisions 1/CMP.3, 5/CMP.5, 5/CMP.6, 6/CMP.6 and 7/CMP.7,*

*Noting the views of Parties and interested international organizations and stakeholders on the review of the Adaptation Fund in accordance with the annex to decision 6/CMP.6 and decision 1/CMP.3, paragraph 33,<sup>1</sup>*

*Also noting the compilation and synthesis of additional, disaggregated information on the administrative costs of the Adaptation Fund Board prepared by the secretariat,<sup>2</sup> as well as the clarifications and additional information provided by the Chair of the Adaptation Fund Board and the Adaptation Fund Board secretariat, regarding the difficulties in comparing the administrative costs of the secretariats of different funds, during the thirty-seventh session of the Subsidiary Body for Implementation,*

*Taking note of the report on the review of the interim arrangements of the Adaptation Fund,<sup>3</sup>*

- 1. Recognizes the effectiveness and efficiency of the interim secretariat of the Adaptation Fund Board and the International Bank for Reconstruction and Development (the World Bank), as interim trustee for the Adaptation Fund, in the delivery of their services to the Board, as well as the operational improvements identified in the report on the review of the interim arrangements of the Adaptation Fund;*
- 2. Notes with appreciation recommendations made by the Adaptation Fund Board with respect to the interim institutional arrangements of the Adaptation Fund, as well as decisions taken with respect to operational issues involving the Board's interim secretariat and the interim trustee for the Fund, in response to the*

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<sup>1</sup> FCCC/KP/CMP/2011/MISC.1 and FCCC/SBI/2012/MISC.11 and Add.1.

<sup>2</sup> FCCC/SBI/2012/INF.8/Rev.1.

<sup>3</sup> FCCC/KP/CMP/2011/6/Add.1, annex.

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recommendations arising from the performance review of the interim arrangements of the Adaptation Fund;<sup>4</sup>

3. *Decides* that the interim institutional arrangements of the trustee of the Adaptation Fund, as provided by decision 1/CMP.3 and contained in the terms and conditions of services to be provided by the International Bank for Reconstruction and Development (the World Bank) as trustee of the Adaptation Fund, adopted by decision 1/CMP.4 and amended by decision 5/CMP.6, will be extended until June 2015;
4. *Requests* the Chair of the Adaptation Fund Board to discuss with the World Bank the extension of the terms and conditions of services to be provided by the International Bank for Reconstruction and Development (the World Bank) as trustee for the Adaptation Fund, in accordance with paragraph 3 above, and to submit a recommendation for consideration by the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol at its ninth session;
5. *Decides* to extend the interim institutional arrangements of the secretariat of the Adaptation Fund Board, as provided by decision 1/CMP.3, until the completion of the second review of the Adaptation Fund in 2014;
6. *Encourages* the Adaptation Fund Board to continue working with the interim trustee for the Adaptation Fund on further enhancing the process of monetization of certified emission reductions;
7. *Also encourages* the Adaptation Fund Board to continue enhancing access to funding from the Adaptation Fund, especially through its direct access modality;
8. *Requests* the Adaptation Fund Board to consider how to further improve accessibility to funding from the Adaptation Fund, especially through its direct access modality, and to report on its conclusions to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol at its ninth session;
9. *Notes with concern* issues related to the sustainability, adequacy and predictability of funding from the Adaptation Fund based on the current uncertainty regarding the prices of certified emission reductions and the continuation of the Adaptation Fund during and beyond the second commitment period of the Kyoto Protocol;

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<sup>4</sup> As footnote 3 above.

10. *Requests* the Subsidiary Body for Implementation, at its thirty-eighth session, to initiate the second review of the Adaptation Fund in accordance with the terms of reference contained in the annex to decision 6/CMP.6, or as these guidelines may be subsequently amended, and to report back to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol at its ninth session, with a view to the review being undertaken by the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol at its tenth session.

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**Decision 2/CP.17***(FCCC/CP/2011/9/Add.1)***Outcome of the work of the Ad Hoc Working Group on Long-term Cooperative Action under the Convention****IV. Finance****Standing Committee**

The Conference of the Parties,

*Recalling* Articles 4 and 11 of the Convention,

*Having established* the Standing Committee under the Conference of the Parties as provided for in decision 1/CP.16, paragraph 112,

120. *Decides* that the Standing Committee shall report and make recommendations to the Conference of the Parties, for its consideration, at each ordinary session of the Conference of the Parties on all aspects of its work;

121. *Also decides* that the Standing Committee shall 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 the support provided to developing country Parties through activities, such as the following:

(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;

(b) Maintaining linkages with the Subsidiary Body for Implementation and the thematic bodies of the Convention;

(c) Providing to the Conference of the Parties draft guidance for the operating entities of the financial mechanism of the Convention, 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;

(d) Making recommendations on how to improve the coherence, effectiveness and efficiency of the operating entities of the financial mechanism;

(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 Conference of the Parties;

(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 climate change finance;

122. *Further decides* that the Standing Committee shall perform any other functions that may be assigned to it by the Conference of the Parties;

123. *Requests* the Standing Committee to develop a work programme based on the activities outlined in paragraph 121 above for presentation to the Conference of the Parties at its eighteenth session;

124. *Decides* that the cost of meetings and the participation of members from developing country Parties will be included in the consideration of the core budget of the secretariat;

125. *Also decides* to adopt the composition and working modalities of the Standing Committee as contained in annex VI;

## **Long-term finance**

*Recalling* Articles 4 and 11 of the Convention,

*Also recalling* decision 1/CP.13, paragraph 1(e),

*Further recalling* decision 1/CP.16, paragraphs 18 and 97–101,

*Welcoming* the fast-start finance provided by developed countries as part of their collective commitment to provide new and additional resources approaching USD 30 billion for the period 2010–2012,

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*Recalling* 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,

126. *Affirms* the importance of continuing to provide ongoing support beyond 2012;

127. *Decides* to undertake a work programme on long-term finance in 2012, including workshops, to progress on long-term finance in the context of decision 1/CP.16, paragraphs 97–101;

128. *Invites* the President of the Conference of the Parties to appoint two co-chairs, one from a developing country Party and one from a developed country Party, for the work programme mentioned in paragraph 127 above;

129. *Requests* the secretariat, to assist the co-chairs in supporting the workshops mentioned in paragraph 127 above;

130. *Decides* that the aim of the work programme referred to in paragraph 127 above 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 fast-start finance;

131. *Requests* the co-chairs, supported by the secretariat, to prepare a report on the workshops referred to in paragraph 127 above for consideration by the Conference of the Parties at its eighteenth session;

132. *Notes* the information provided by developed country Parties on the fast-start finance they have provided and urges them to continue to enhance the transparency of their reporting on the fulfilment of their fast-start finance commitments;

## Annex VI

### **Composition and working modalities of the Standing Committee**

1. The Standing Committee shall be composed of the following:
  - (a) Ten members from Parties included in Annex I to the Convention (Annex I Parties);
  - (b) Ten members from Parties not included in Annex I to the Convention (non-Annex I Parties), including two members each from the African, Asia-Pacific, and the Latin America and Caribbean States, one member from a small island developing State and one member from a least developed country Party.
2. The Standing Committee shall be composed of members nominated by Parties for approval by the Conference of the Parties, who shall have the necessary experience and skills, notably in the areas of climate change, development and finance, taking into account the need to achieve gender balance in accordance with decision 36/CP.7.
3. Standing Committee members shall serve for a term of two years, with the option of seeking additional terms.
4. The Standing Committee shall elect annually a chair and a vice-chair from among its members for a term of one year each, with one being a member from a non-Annex I Party and the other being a member from an Annex I Party. The positions of chair and vice-chair shall alternate annually between a member from a developed country Party and a member from a developing country Party.
5. The Standing Committee shall develop further modalities for the participation of observers from the operating entities of the financial mechanism of the Convention, from funding entities (multilateral, bilateral and regional) involved in climate finance and from observer organizations from the private sector and civil society admitted to the Convention.
6. The Standing Committee shall draw upon additional expertise as it may deem necessary.
7. The Standing Committee shall meet at least twice a year, or more if necessary, and its first meeting shall take place prior to the thirty-sixth session of the Subsidiary Body for Implementation.

8. The Standing Committee shall reach its conclusions by consensus.
9. The secretariat shall provide administrative support for the work of the Standing Committee.
10. The Conference of the Parties will conduct a review of the functions of the Standing Committee in 2015.



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## Decision 3/CP.17

(FCCC/CP/2011/9/Add.1)

### Launching the Green Climate Fund

*The Conference of the Parties,*

*Recalling* decision 1/CP.16,

1. *Welcomes* the report of the Transitional Committee (FCCC/CP/2011/6 and Add.1), taking note with appreciation of the work of the Transitional Committee in responding to its mandate given in decision 1/CP.16, paragraph 109;
2. *Approves* the governing instrument for the Green Climate Fund annexed to this decision;
3. *Decides* to designate the Green Climate Fund as an operating entity of the financial mechanism of the Convention, in accordance with Article 11 of the Convention, with arrangements to be concluded between the Conference of the Parties and the Fund at the eighteenth session of the Conference of the Parties 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;
4. *Notes* that the Green Climate Fund will be guided by the principles and provisions of the Convention;
5. *Decides* to provide guidance to the Board of the Green Climate Fund, 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 Conference of the Parties on its activities;
6. *Requests* the Board to operationalize the Fund in an expedited manner;
7. *Also requests* the Board to develop a transparent no-objection procedure to be conducted through national designated authorities referred to in paragraph 46 of the governing instrument annexed to this decision, in order to ensure consistency with national climate strategies and plans and a country driven approach and to provide for effective direct and indirect public and private sector financing by the Green Climate Fund. Further requests the Board to determine this procedure prior to approval of funding proposals by the Fund;

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8. *Requests* the Board to balance the allocation of the Green Climate Fund resources between adaptation and mitigation activities;
9. *Stresses* the need to secure funding for the Green Climate Fund, taking into account paragraphs 29 and 30 of the governing instrument, to facilitate its expeditious operationalization, and requests the Board to establish the necessary policies and procedures, which will enable an early and adequate replenishment process;
10. *Invites* Parties, through their regional groupings and constituencies, to submit their nominations for the members of the Board to the interim secretariat by 31 March 2012, in accordance with paragraph 11 of the governing instrument for the Green Climate Fund, with the 12 seats for developing country Parties to be distributed as follows:
- (a) Three members and alternate members from the Asia-Pacific States;
  - (b) Three members and alternate members from the African States;
  - (c) Three members and alternate members from the Latin American and the Caribbean States;
  - (d) One member and alternate member from small island developing States;
  - (e) One member and alternate member from least developed country Parties;
  - (f) One member from developing country Parties not included in the regional groups and constituencies above and one alternate member to rotate between developing country Parties included in the groups and constituencies listed above;
11. *Decides* that the Green Climate Fund be conferred juridical personality and legal capacity and shall enjoy such privileges and immunities related to the discharge and fulfilment of its functions, in accordance with paragraphs 7 and 8 of the governing instrument;
12. *Invites* Parties, in line with the objectives set forth in paragraph 12 above, to submit to the Board expressions of interest for hosting the Green Climate Fund by 15 April 2012, based on the following criteria:
- (a) The ability to confer and/or recognize juridical personality and legal capacity to the Fund for the protection of its interests and the exercise of its functions, to give effect to paragraphs 7 and 8 of the governing instrument, including but not limited to the

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ability to contract, acquire and dispose of immovable and movable property, and to institute legal proceedings;

(b) The ability to provide privileges and immunities to the Fund as are necessary for the fulfilment of its purposes, and to the officials of the Fund as are necessary for the independent exercise of their official functions in connection with the Fund;

(c) Financial arrangements, administrative and logistical support to the Fund;

(d) Any other information that the host country wishes to provide;

13. *Requests* the Board, following the receipt of expressions of interest, to conduct an open and transparent process for the selection of the host country, and to decide on a host country for endorsement by the Conference of the Parties at its eighteenth session, in accordance with paragraph 22 of the governing instrument;

14. *Also requests* the Board and the host country of the Green Climate Fund to develop, in accordance with paragraphs 7 and 8 of the governing instrument, the legal and administrative arrangements for hosting the Fund, and to ensure that juridical personality and legal capacity are conferred to the Fund, and privileges and immunities as are necessary are granted to the Fund and its officials in an expeditious manner;

15. *Further requests* the Board to establish the independent secretariat of the Green Climate Fund in the host country in an expedited manner as soon as possible, in accordance with paragraph 19 of the governing instrument;

16. *Invites* the Board to select the trustee of the Green Climate Fund through an open, transparent and competitive bidding process in a timely manner to ensure that there is no discontinuity in trustee services;

17. *Requests* the Board to initiate a process to collaborate with the Adaptation Committee and the Technology Executive Committee, as well as other relevant thematic bodies under the Convention, to define linkages between the Fund and these bodies, as appropriate;

18. *Recognizes* the need to facilitate the immediate functioning of the Green Climate Fund and ensure its independence, requests the UNFCCC secretariat jointly with the Global Environment Facility secretariat to take the necessary administrative steps to set up the interim secretariat of the Green Climate Fund as an autonomous unit within the UNFCCC secretariat premises without undue delay after the seventeenth session of the Conference of the Parties so that the

interim secretariat can provide technical, administrative and logistical support to the Board until the independent secretariat of the Green Climate Fund is established;

19. *Decides* that the interim arrangements should terminate no later than the nineteenth session of the Conference of the Parties;

20. *Also decides* that the interim secretariat shall be fully accountable to the Board and shall function under its guidance and authority, and that its head shall report to the Board;

21. *Urges* the Board to move promptly to appoint the head of the interim secretariat;

22. *Decides* that the criteria for the selection of the head of the interim secretariat shall include, inter alia, expertise in the design or management of funds, relevant administrative and management experience, experience in or working with developing countries, and policy expertise;

23. *Requests* the interim secretariat to make arrangements for convening the first Board meeting by 30 April 2012;

24. *Welcomes* the offers made by Switzerland and the Republic of Korea to host the first and second meetings of the Board respectively, and invites Parties to host subsequent meetings;

25. *Invites* Parties to make financial contributions for the start-up of the Green Climate Fund, including administrative costs of the Board and its interim secretariat;

26. *Welcomes* the generous offers of the Republic of Korea, Germany and Denmark to contribute to the start-up cost of the Green Climate Fund.

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## Annex

### **Governing instrument for the Green Climate Fund**

The Green Climate Fund (hereinafter the “Fund”) is hereby established and will operate in accordance with the following provisions:

#### **I. Objectives and guiding principles**

1. Given the urgency and seriousness of climate change, the purpose of the Fund is to make a significant and ambitious contribution to the global efforts towards attaining the goals set by the international community to combat climate change.

2. The Fund will contribute to the achievement of the ultimate objective of the United Nations Framework Convention on Climate Change (UNFCCC). In the context of sustainable development, the Fund will promote the paradigm shift towards low-emission and climate-resilient development pathways by providing support to developing countries to limit or reduce their greenhouse gas emissions and to adapt to the impacts of climate change, taking into account the needs of those developing countries particularly vulnerable to the adverse effects of climate change.

3. The Fund will be guided by the principles and provisions of the Convention. The Fund will operate in a transparent and accountable manner guided by efficiency and effectiveness. The Fund will play a key role in channeling new, additional, adequate and predictable financial resources to developing countries and will catalyse climate finance, both public and private, and at the international and national levels. The Fund will pursue a country-driven approach and promote and strengthen engagement at the country level through effective involvement of relevant institutions and stakeholders. The Fund will be scalable and flexible and will be a continuously learning institution guided by processes for monitoring and evaluation. The Fund will strive to maximize the impact of its funding for adaptation and mitigation, and seek a balance between the two, while promoting environmental, social, economic and development co-benefits and taking a gender-sensitive approach.

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## **II. Governance and institutional arrangements**

### **A. Relationship to the Conference of the Parties**

4. The Fund will be designated as an operating entity of the financial mechanism under Article 11 of the Convention and will be accountable to and function under the guidance of the Conference of the Parties (COP).

5. The Fund will be governed and supervised by a Board that will have full responsibility for funding decisions.

6. Arrangements will be concluded between the COP and the Fund, consistent with Article 11 of the Convention, to ensure that the Fund is accountable to and functions under the guidance of the COP. In order to ensure accountability to the COP, pursuant to Article 11, paragraph 3, the Board will:

(a) Receive guidance from the COP, including on matters related to policies, programme priorities and eligibility criteria, and matters related thereto;

(b) Take appropriate action in response to the guidance received;

(c) Submit annual reports to the COP for its consideration and receive further guidance.

### **B. Legal status**

7. In order to operate effectively internationally, the Fund will possess juridical personality and will have such legal capacity as is necessary for the exercise of its functions and the protection of its interests.

8. The Fund will enjoy such privileges and immunities as are necessary for the fulfilment of its purposes. The officials of the Fund will similarly enjoy such privileges and immunities as are necessary for the independent exercise of their official functions in connection with the Fund.

### **C. Rules of procedure of the Board**

#### **1. Composition**

9. The Board will have 24 members, composed of an equal number of members from developing and developed country Parties. Representation from developing country Parties will include representatives of relevant United Nations regional groupings and representatives from small island developing States (SIDS) and least developed countries (LDCs).

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10. Each Board member will 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 will serve as the member.

## **2. Selection of Board members**

11. The members of the Board and their alternates will be selected by their respective constituency or regional group within a constituency. Members of the Board will have the necessary experience and skills, notably in the areas of climate change and development finance, with due consideration given to gender balance.

## **3. Term of membership**

12. Members and alternate members will serve for a term of three years and be eligible to serve additional terms as determined by their constituency.

## **4. Chairmanship**

13. Two co-chairs of the Board will be elected by the Board members from within their membership to serve for a period of one year, with one being a member from a developed country Party and the other being a member from a developing country Party.

## **5. Decision-making**

14. Decisions of the Board will be taken by consensus of the Board members. The Board will develop procedures for adopting decisions in the event that all efforts at reaching consensus have been exhausted.

## **6. Quorum**

15. A two-thirds majority of Board members must be present at a meeting to constitute a quorum.

## **7. Observers**

16. The Board will make arrangements, including developing and operating accreditation processes, to allow for effective participation by accredited observers in its meetings. The Board will invite, to participate as active observers: two civil society representatives, one each from developing and developed countries, and two private sector representatives, one each from developing and developed countries.

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**8. Additional rules of procedure**

17. Additional rules of procedures will be developed by the Board.

**D. Role and functions of the Board**

18. The Board of the Fund will:

(a) Oversee the operation of all relevant components of the Fund;

(b) Approve operational modalities, access modalities and funding structures;

(c) Approve specific operational policies and guidelines, including for programming, project cycle, administration, and financial management;

(d) Approve funding in line with the Fund's principles, criteria, modalities, policies and programmes;

(e) Develop environmental and social safeguards and fiduciary principles and standards that are internationally accepted;

(f) Develop criteria and application processes for the accreditation of implementing entities of the Fund and accredit implementing entities and withdraw such accreditation;

(g) Establish subcommittees and panels and define their terms of reference, as appropriate;

(h) Establish additional thematic windows and/or substructures to address specific activities, as appropriate;

(i) Establish a framework for the monitoring and evaluation of performance and the financial accountability of activities supported by the Fund and any necessary external audits;

(j) Review and approve the administrative budget of the Fund and arrange for performance reviews and audits;

(k) Appoint the Executive Director of the secretariat;

(l) Appoint the head of the evaluation unit and the heads of all accountability units;

(m) Receive guidance and take action in response to any guidance from the COP and prepare annual reports to the COP on its activities;

(n) Develop working and coordination arrangements with other relevant bodies under the Convention and other relevant international institutions;

(o) Select, appoint and enter into legal and administrative arrangements with the trustee;



(p) Exercise such other functions as may be appropriate to fulfil the objectives of the Fund.

## **E. Secretariat**

### **1. Establishment of the secretariat**

19. The Fund will establish a secretariat, which will be fully independent. The secretariat will service and be accountable to the Board. It will have effective management capabilities to execute the day-to-day operations of the Fund.

20. The secretariat will be headed by an Executive Director with the necessary experiences and skills, who will be appointed by and be accountable to the Board. The Board will approve the job description and qualifications for the Executive Director. The Executive Director will be selected through a merit-based, open and transparent process.

21. The secretariat will be staffed with professional staff with relevant experience. The staff selection will be managed by the Executive Director and will be open, transparent and based on merit, taking into account geographical and gender balance.

22. The selection of the host country of the Fund will be an open and transparent process. The selection of the host country will be endorsed by the COP.

### **2. Functions**

23. The secretariat will be responsible for the day-to-day operations of the Fund, providing administrative, legal and financial expertise. In particular, the secretariat will:

- (a) Organize and execute all administrative duties;
- (b) Report information on the Fund's activities;
- (c) Liaise with members, implementing entities, and cooperating bilateral and multilateral institutions and agencies;
- (d) Prepare performance reports on the implementation of activities under the Fund;
- (e) Develop the work programme and annual administrative budget of the secretariat and trustee and submit them for approval by the Board;
- (f) Operationalize the project and programme cycle processes;
- (g) Prepare financial agreements related to the specific financing instrument to be concluded with an implementing entity;

- (h) Monitor the financial risks of the outstanding portfolio;
- (i) Work with the trustee to support the Board to enable it to carry out its responsibilities;
- (j) Carry out monitoring and evaluation functions;
- (k) Support the Board in arranging replenishment processes;
- (l) Establish and run effective knowledge management practices;
- (m) Perform any other functions assigned by the Board.

## **F. Trustee**

24. The Fund will have a trustee with administrative competence to manage the financial assets of the Fund. The trustee will maintain appropriate financial records and will prepare financial statements and other reports required by the Board, in accordance with internationally accepted fiduciary standards.

25. The trustee will administer the assets of the Fund only for the purpose of, and in accordance with, the relevant decisions of the Board. The trustee will hold the assets of the 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. The trustee will establish and maintain separate records and accounts in order to identify the assets of the Fund.

26. The World Bank will serve as interim trustee for the Fund, subject to a review three years after the operationalization of the Fund.

27. The trustee will be accountable to the Board for the performance of its responsibilities as trustee for the Fund.

## **III. Administrative costs**

28. The Fund will finance the operating costs of the Board, secretariat and trustee.

## **IV. Financial inputs**

29. The Fund will receive financial inputs from developed country Parties to the Convention.

30. The Fund may also receive financial inputs from a variety of other sources, public and private, including alternative sources.

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## V. Operational modalities

31. The Fund will provide simplified and improved access to funding, including direct access, basing its activities on a country-driven approach and will encourage the involvement of relevant stakeholders, including vulnerable groups and addressing gender aspects.

32. The Board will steer the Fund's operations so that they evolve with the Fund's scale and maturity and will exercise flexibility to allow the Fund to evolve over time and become the main global fund for climate change finance.

### A. Complementarity and coherence

33. The Fund shall operate in the context of appropriate arrangements between itself and other existing funds under the Convention, and between itself and other funds, entities, and channels of climate change financing outside the Fund.

34. The Board will develop methods to enhance complementarity between the activities of the Fund and the activities of other relevant bilateral, regional and global funding mechanisms and institutions, to better mobilize the full range of financial and technical capacities. The Fund will promote coherence in programming at the national level through appropriate mechanisms. The Fund will also initiate discussions on coherence in climate finance delivery with other relevant multilateral entities.

### B. Eligibility

35. All developing country Parties to the Convention are eligible to receive resources from the Fund. The Fund will finance agreed full and agreed incremental costs for activities to enable and support enhanced action on adaptation, mitigation (including REDD-plus),<sup>1</sup> technology development and transfer (including carbon capture and storage), capacity-building and the preparation of national reports by developing countries.

36. The Fund will support developing countries in pursuing project-based and programmatic approaches in accordance with climate change strategies and plans, such as low-emission development strategies or plans, nationally appropriate mitigation

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<sup>1</sup> 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.

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actions (NAMAs), national adaptation plans of action (NAPAs), national adaptation plans (NAPs) and other related activities.

### **C. Funding windows and fund structure**

37. The Fund will have thematic funding windows. Initially, the Fund will have windows for adaptation and mitigation. An integrated approach to funding mitigation and adaptation will be used to allow for cross-cutting projects and programmes.

38. The Board shall also ensure adequate resources for capacity-building and technology development and transfer. The Fund will also provide resources for innovative and replicable approaches.

39. The Board will consider the need for additional windows. The Board will have the authority to add, modify and remove additional windows and substructures or facilities as appropriate.

#### **1. Readiness and preparatory support**

40. The Fund will provide resources for readiness and preparatory activities and technical assistance, such as the preparation or strengthening of low-emission development strategies or plans, NAMAs, NAPs, NAPAs and for in-country institutional strengthening, including the strengthening of capacities for country coordination and to meet fiduciary principles and standards and environmental and social safeguards, in order to enable countries to directly access the Fund.

#### **2. Private sector**

41. The Fund 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.

42. The operation of the facility will be consistent with a country-driven approach.

43. The facility will promote the participation of private sector 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.

44. The Board will develop the necessary arrangements, including access modalities, to operationalize the facility.

### **D. Access modalities and accreditation**

45. Access to Fund resources will be through national, regional and international implementing entities accredited by the Board.

Recipient countries will determine the mode of access and both modalities can be used simultaneously.

46. Recipient countries may designate a national authority. This national designated authority will recommend to the Board funding proposals in the context of national climate strategies and plans, including through consultation processes. The national designated authorities will be consulted on other funding proposals for consideration prior to submission to the Fund, to ensure consistency with national climate strategies and plans.

### **1. Direct access**

47. Recipient countries will nominate competent subnational, national and regional implementing entities for accreditation to receive funding. The Board will consider additional modalities that further enhance direct access, including through funding entities with a view to enhancing country ownership of projects and programmes.

### **2. International access**

48. Recipient countries will also be able to access the Fund through accredited international entities, including United Nations agencies, multilateral development banks, international financial institutions and regional institutions.

### **3. Accreditation**

49. The Board will develop, manage and oversee an accreditation process for all implementing entities based on specific accreditation criteria that reflect the Fund's fiduciary principles and standards and environmental and social safeguards.

## **E. Allocation**

50. The Board will balance the allocation of resources between adaptation and mitigation activities under the Fund and ensure appropriate allocation of resources for other activities.

51. A results-based approach will be an important criterion for allocating resources.

52. In allocating resources for adaptation, the Board will take into account the urgent and immediate needs of developing countries that are particularly vulnerable to the adverse effects of climate change, including LDCs, SIDS and African States, using minimum allocation floors for these countries as appropriate. The Board will aim for appropriate geographical balance.

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## **F. Programming and approval processes**

53. The Fund will have a streamlined programming and approval process to enable timely disbursement. The Board will develop simplified processes for the approval of proposals for certain activities, in particular small-scale activities.

## **VI. Financial instruments**

54. The Fund will provide financing in the form of grants and concessional lending, and through other modalities, instruments or facilities as may be approved by the Board. Financing will be tailored to cover the identifiable additional costs of the investment necessary to make the project viable. The Fund will seek to catalyse additional public and private finance through its activities at the national and international levels.

55. The Fund may employ results-based financing approaches, including, in particular for incentivizing mitigation actions, payment for verified results, where appropriate.

56. Financial management practices and financing agreements will be in keeping with the Fund's fiduciary principles and standards and environmental and social safeguards to be adopted by the Board. The Board will develop an appropriate risk management policy for funding and financial instruments.

## **VII. Monitoring**

57. The programmes and projects, as well as other activities, funded by the Fund will be regularly monitored for impact, efficiency and effectiveness in line with rules and procedures established by the Board. The use of participatory monitoring involving stakeholders will be encouraged.

58. A results measurement framework with guidelines and appropriate performance indicators will be approved by the Board. Performance against these indicators will be reviewed periodically in order to support the continuous improvement of the Fund's impact, effectiveness and operational performance.

## **VIII. Evaluation**

59. There will be periodic independent evaluations of the performance of the Fund in order to provide an objective assessment of the results of the Fund, including its funded activities and its effectiveness and efficiency. The purpose of these independent evaluations is to inform decision-making by the Board and to

identify and disseminate lessons learned. The results of the periodic evaluations will be published.

60. To this end, the Board will establish an operationally independent evaluation unit as part of the core structure of the Fund. The head of the unit will be selected by, and will report to, the Board. The frequency and types of evaluation to be conducted will be specified by the unit in agreement with the Board.

61. Reports of the Fund's independent evaluation unit will be provided to the COP for purposes of periodic reviews of the financial mechanism of the Convention.

62. The COP may commission an independent assessment of the overall performance of the Fund, including Board performance.

## **IX. Fiduciary standards**

63. The Board will agree on, adopt, and ensure the application of best practice fiduciary principles and standards to the Fund's entities, the trustee's function related to the Fund, and to all operations, projects and programmes financed by the Fund, including the implementing entities.

64. The Fund will support the strengthening of capacities in recipient countries, where needed, to be able to meet the Fund's fiduciary principles and standards, based on modalities that will be established by the Board.

## **X. Environmental and social safeguards**

65. The Board will agree on and adopt best practice environmental and social safeguards, which shall be applied to all programmes and projects financed using the resources of the Fund.

66. The Fund will support the strengthening of capacities in recipient countries, where needed, to enable them to meet the Fund's environmental and social safeguards, based on modalities that shall be developed by the Board.

## **XI. Accountability mechanisms**

67. The Fund's operations will be subject to an information disclosure policy that will be developed by the Board.

68. The Board will establish an independent integrity unit, to work with the secretariat and report to the Board, to investigate allegations of fraud and corruption in coordination with relevant counterpart authorities.

69. The Board will establish an independent redress mechanism that will report to the Board. The mechanism will receive complaints related to the operation of the Fund and will evaluate and make recommendations.

## **XII. Expert and technical advice**

70. In carrying out its functions the Board will develop mechanisms to draw on appropriate expert and technical advice, including from the relevant thematic bodies established under the Convention, as appropriate.

## **XIII. Stakeholder input and participation**

71. The Board will develop mechanisms to promote the input and participation of stakeholders, including private-sector actors, civil society organizations, vulnerable groups, women and indigenous peoples, in the design, development and implementation of the strategies and activities to be financed by the Fund.

## **XIV. Termination of the Fund**

72. Termination of the Fund will be approved by the COP based on a recommendation of the Board.

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## Decision 1/CP.16

(FCCC/CP/2010/7/Add.1)

### **The Cancun Agreements: Outcome of the work of the Ad Hoc Working Group on Long-term Cooperative Action under the Convention**

#### **I. Finance, technology and capacity-building**

##### **A. Finance**

*The Conference of the Parties,*

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;

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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

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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;

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## Decision 5/CMP.6

(FCCC/KP/CMP/2010/12/Add.1)

### Report of the Adaptation Fund Board

*The Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol,*

*Recalling* Article 12, paragraph 8, of the Kyoto Protocol,

*Also recalling* decisions 3/CMP.1, 28/CMP.1, 5/CMP.2, 1/CMP.3, 1/CMP.4 and 4/CMP.5,

*Taking note* of the report of the Adaptation Fund Board,<sup>1</sup>

1. *Adopts* the amendments to the terms and conditions of services to be provided by the International Bank for Reconstruction and Development (the World Bank) as trustee for the Adaptation Fund, on an interim basis, in accordance with decision 1/CMP.4, as contained in the annex to this decision;
2. *Requests* the Chair of the Adaptation Fund Board to inform the Board of Directors of the International Bank for Reconstruction and Development of the amendments to the terms and conditions of services to be provided by the International Bank for Reconstruction and Development as interim trustee for the Adaptation Fund;
3. *Expresses its appreciation* to the Government of Germany for conferring legal capacity on the Adaptation Fund Board, which will facilitate the implementation of the direct access modality to resources from the Adaptation Fund;
4. *Welcomes* the support from the Governments of Finland, France, Japan, Norway and Switzerland in transferring their pro rata share of the balance of the Administrative Trust Fund of the Adaptation Fund as a contribution to the Adaptation Fund Trust Fund;
5. *Also welcomes* the financial support provided by the Governments of Germany, Monaco, Spain and Sweden in accordance with decision 4/CMP.5, paragraph 9;
6. *Continues to encourage* Parties included in Annex I to the Convention (Annex I Parties) and international organizations to provide funding to the Adaptation Fund, which will be additional to

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<sup>1</sup> FCCC/KP/CMP/2010/7.

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the share of proceeds from clean development mechanism project activities;

7. *Takes note with appreciation* of the work carried out by the Adaptation Fund Board concerning:

(a) The inception of the process of accreditation of implementing entities, including the accreditation of national implementing entities that can access resources from the Adaptation Fund directly;

(b) Progress on the monetization of certified emission reductions;

(c) The approval of two full proposals and the endorsement of concept documents for six projects;

8. *Requests* the secretariat, subject to the availability of resources, in consultation with the Adaptation Fund Board, and making use of the Adaptation Fund Accreditation Toolkit, lessons learned and best practices, to conduct up to three regional or subregional, as appropriate, workshops, with the possibility of another, as circumstances permit and as warranted, in order to familiarize Parties with the process and the requirements of the accreditation of national implementing entities;

9. *Also requests* the secretariat to collaborate with the Adaptation Fund Board secretariat in the conduct of and dissemination of information on the workshops referred to in paragraph 8 above, taking into consideration the need to target workshops to potential national implementing entities;

10. *Invites* Annex I Parties and international organizations and other Parties in a position to do so to provide funding and support for the workshops referred to in paragraph 8 above;

11. *Requests* the secretariat to report to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol at its eighth session on efforts to implement paragraphs 8, 9 and 10 above and the outcomes of the workshops, in order for Parties to assess the efficiency and effectiveness of the workshops at that session.

## Annex

### **Amendments to the terms and conditions of services to be provided by the International Bank for Reconstruction and Development as trustee for the Adaptation Fund**

1. Paragraph 34 of the appendix to annex III to decision 1/CMP.4 should be revised as follows:

The Trustee's role as trustee servicing the Adaptation Fund under the Terms and Conditions shall be automatically terminated three months after the ninth session of the CMP, unless the CMP and the Trustee affirmatively agree in writing to extend beyond this date the term of the Trustee's services under the Terms and Conditions.

2. Paragraph 38 of the appendix to annex III to decision 1/CMP.4 should be revised as follows:

The Terms and Conditions or any amendments to the same shall become effective and constitute an agreement between the CMP and the World Bank upon decisions by the CMP and the World Bank to adopt and accept the Terms and Conditions or any amendments to the same.

10<sup>th</sup> plenary meeting  
10–11 December 2010

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## Decision 4/CMP.5

(FCCC/KP/CMP/2009/21/Add.1)

### Report of the Adaptation Fund Board

*The Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol,*

*Recalling* Article 12, paragraph 8, of the Kyoto Protocol,

*Recalling* decision 10/CP.7,

*Reaffirming* decisions 3/CMP.1, 28/CMP.1, 5/CMP.2, 1/CMP.3 and 1/CMP.4,

*Takes note with appreciation* of the report of the Adaptation Fund Board<sup>1</sup> and the significant progress the Board has made in the operationalization of the Adaptation Fund,

*Expressing its appreciation* to the Governments of Barbados and Germany for their generous offers to confer legal capacity on the Adaptation Fund Board,

1. *Endorses* the decision of the Adaptation Fund Board to accept the offer of Germany to confer legal capacity on the Adaptation Fund Board;<sup>2</sup>
2. *Invites* the Government of Germany to take the necessary measures to confer legal capacity on the Adaptation Fund Board;
3. *Requests* the Adaptation Fund Board to consult further with the Government of Germany to conclude the necessary legal arrangements to confer legal capacity on the Adaptation Fund Board, and to report back on progress made to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol at its sixth session;
4. *Decides* that the Chair and Vice-Chair of the Adaptation Fund Board shall jointly serve as legal representatives of the Board;

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<sup>1</sup> FCCC/KP/CMP/2009/14.

<sup>2</sup> See decision B.7–8/1 of the Adaptation Fund Board, available at <<http://afboard.org/index.html>>.



5. *Adopts* the amendments to the rules of procedure of the Adaptation Fund Board, as contained in the annex to this decision, in accordance with the provisions in decision 1/CMP.4, annex I, paragraph 64;
6. *Takes note with appreciation* of the work carried out by the Adaptation Fund Board concerning:
  - (a) The adoption of the operational policies and guidelines for Parties to access resources from the Adaptation Fund, in accordance with decisions 1/CMP.3 and 1/CMP.4;
  - (b) The monetization of certified emission reductions in accordance with decision 1/CMP.3;
7. *Takes note of* the approval by the Council of the Global Environment Facility of the memorandum of understanding between the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol and the Council of the Global Environment Facility regarding secretariat services to the Adaptation Fund Board;
8. *Also takes note of* the approval by the Board of Directors of the International Bank for Reconstruction and Development (the World Bank) of the terms and conditions of services to be provided by the International Bank for Reconstruction and Development as trustee for the Adaptation Fund;
9. *Encourages* Parties included in Annex I to the Convention and international organizations to provide funding to the Adaptation Fund, which will be additional to the share of the proceeds from Clean Development Mechanism project activities.

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## Annex

### Amendments to the rules of procedure of the Adaptation Fund Board

1. Paragraph 2(h) should be revised as follows:

“Secretariat” is a body appointed by the CMP to provide secretariat services to the Board and to the Fund, consistent with decision 1/CMP.3, paragraphs 3, 18, 19 and 31;

2. Paragraph 2(j) should be revised as follows:

“Implementing entities” means the national legal entities and multilateral organizations that have been identified ex ante by the Board as meeting the criteria adopted by the Board, in accordance with decision 1/CMP.3, paragraph 5(c), to access funding to implement concrete adaptation projects and programmes supported by the Fund;

3. Paragraph 2(k) should be revised as follows:

“Executing entities” are organizations that meet the criteria set by the Board to access funding to implement concrete adaptation projects and programmes supported by the Fund, subject to such audit mechanisms and due diligence criteria as established by the Board execute adaptation projects and programmes supported by the Fund under the oversight of implementing entities.

4. Paragraph 5 should be revised as follows:

The member and alternate shall each serve for a term of two ~~calendar~~ years and shall be eligible to serve a maximum of two consecutive terms. The term of office of a member, or an alternate, shall start at the first meeting of the Board in the calendar year following his or her election and shall end immediately before the first meeting of the Board in the calendar year in which the term ends;

5. Paragraph 10 should be revised as follows:

The Board shall elect the Chair and Vice-Chair from among its members, with one being from an Annex I Party and the other being from a non-Annex I Party. The term of office of the Chair and Vice-Chair shall be one calendar-year, starting at the first meeting of the Board in each year. The office of Chair and Vice-Chair shall alternate annually between a member from an Annex I Party and a member from a non-Annex I Party.

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## Decision 1/CMP.4

(FCCC/KP/CMP/2008/11/Add.2)

### Report of the Adaptation Fund Board

*The Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol,*

*Recalling* Article 12, paragraph 8, of the Kyoto Protocol,

*Recalling also* decisions 3/CMP.1, 28/CMP.1, 5/CMP.2 and 1/CMP.3,

*Noting with appreciation* the first report of the Adaptation Fund Board,<sup>1</sup>

*Stressing* the importance of operationalizing all aspects of the Adaptation Fund, in particular to enable eligible Parties and implementing entities and executing entities chosen by governments, which meet the criteria to be adopted by the Adaptation Fund Board, to submit project proposals for funding directly to the Adaptation Fund Board,

*Welcoming* the intention of the Adaptation Fund Board to start monetizing the certified emission reductions in early 2009,

*Expressing its appreciation* to the Adaptation Fund Board for having carried out the functions of its work plan, in accordance with decisions 5/CMP.2 and 1/CMP.3, and urge it to continue to do so with a view to fully operationalizing the Adaptation Fund,

*Recognizing* the importance of the lessons learned in supervising and managing the Adaptation Fund,

1. *Adopts* the rules of procedure of the Adaptation Fund Board as contained in annex I;
2. *Encourages* the Adaptation Fund Board to keep its rules of procedure under review and, if necessary, make recommendations concerning any amendments aimed at enabling the Adaptation Fund Board to function in an efficient, cost-effective and transparent manner;
3. *Adopts* the memorandum of understanding between the Conference of the Parties serving as the meeting of the Parties to the

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<sup>1</sup> FCCC/KP/CMP/2008/2.

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Kyoto Protocol and the Council of the Global Environment Facility regarding secretariat services to the Adaptation Fund Board, on an interim basis, as contained in annex II;

4. *Adopts also* the terms and conditions of services to be provided by the International Bank for Reconstruction and Development (the World Bank), as trustee for the Adaptation Fund, on an interim basis, as contained in annex III to this decision;

5. *Requests* the Executive Secretary to inform the Council of the Global Environment Facility and the Board of Directors of the International Bank for Reconstruction and Development of the adoptions of the memorandum of understanding and the terms and conditions of services referred to in paragraphs 3 and 4 above;

6. *Adopts* the strategic priorities, policies and guidelines of the Adaptation Fund as contained in annex IV;

7. *Takes note* of the work carried out by the Adaptation Fund Board concerning:

(a) The development of specific operational policies and guidelines as referred to in decision 1/CMP.3, paragraph 5 (b);

(b) The development of the criteria to ensure that the executing entities have the capacity to implement the administrative and financial management guidelines of the Adaptation Fund as referred to in decision 1/CMP.3, paragraph 5 (c);

(c) The initialization of the monetization of the certified emission reductions;

(d) Legal arrangements to operationalize the Adaptation Fund, including the commissioning of a feasibility study to provide clarity as regards the question of legal status;

8. *Requests* the Adaptation Fund Board to accelerate the development, adoption and implementation, as a matter of priority, of the specific operational policies and guidelines referred to in paragraph 7(a) above;

9. *Requests* the Adaptation Fund Board to accelerate the development, adoption and implementation, as a matter of priority, of the criteria referred to in decision 1/CMP.3, paragraph 30, with a view to starting the processing, including approval and disbursement of funds, of project proposals without delay, and to report back on progress made to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol at its fifth session;

10. *Requests* the Adaptation Fund Board to start processing proposals for funding projects, activities or programmes, as applicable, and to report back on progress made to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol at its fifth session;

11. *Decides* that the Adaptation Fund Board be conferred such legal capacity as necessary for the discharge of its functions with regard to direct access by eligible Parties and implementing and executing entities, in accordance with decision 1/CMP.3, paragraphs 29 and 30, in particular legal capacity to enter into contractual agreements and to receive project, activity and programme proposals directly and to process them in accordance with paragraph 7 (a) and (b) above, as appropriate, consistent with decisions 5/CMP.2 and 1/CMP.3;

12. *Decides also* that in the discharge of its functions the Adaptation Fund Board shall develop the criteria mentioned in decision 1/CMP.3, paragraph 30, in accordance with the principles and modalities listed in decision 5/CMP.2 and that eligible Parties and implementing and executing entities shall meet those criteria in order to access funding from the Adaptation Fund;

13. *Decides further* that the provisions contained in paragraph 11 above will be reviewed as part of the review envisaged in decision 1/CMP.3, paragraph 33, taking into account the feasibility study commissioned by the Adaptation Fund Board, with a view to taking a decision as may be appropriate;

14. *Requests* the Adaptation Fund Board to inform Parties of the operational policies, guidelines and procedures for application for funding for adaptation projects and programmes as soon as the Board has adopted them;

15. *Decides* that at the seventh session of the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol, half of the members of the Adaptation Fund Board, and their alternate members from the same group, shall continue to serve in office for one additional and final year;

16. *Decides also* that terms as members do not count towards the terms as alternate members, and that terms as alternate members do not count towards the terms as members;

17. *Expresses its deep appreciation* to the Governments of Australia, Denmark, Finland, France, Japan, Norway, Sweden, Switzerland and the United Kingdom of Great Britain and Northern

Ireland for their contributions to covering the administrative expenses for operating the Adaptation Fund in the interim phase;

18. *Expresses also its appreciation* to the United Nations Environment Programme for its contribution in support of the work of the Adaptation Fund Board;

19. *Urges* Parties to make contributions as a matter of urgency to the trust fund for the Adaptation Fund to cover the administrative expenses for operating the Adaptation Fund in the interim phase;

20. *Decides* that contributions from Parties shall be reimbursed, upon request, in accordance with a timetable to be determined by the Adaptation Fund Board, and subject to the availability of resources.<sup>2</sup>

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<sup>2</sup> FCCC/KP/CMP/2008/2, annex V.

# Annex I

## Rules of procedure of the Adaptation Fund Board

### I. Scope

1. These rules of procedure shall apply to the conduct of the business of the Adaptation Fund Board, in accordance with decision 1/CMP.3 of the third session of the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol (CMP). These rules become effective on their adoption by the CMP.

### II. Definitions

2. For the purpose of these rules:

(a) “Fund” means the Adaptation Fund pursuant to decision 10/CP.7 of the seventh session of the Conference of the Parties;

(b) “Board” means the Adaptation Fund Board, established by decision 1/CMP.3 of the third session of the CMP as the operating entity of the Adaptation Fund with the mandate to supervise and manage the Adaptation Fund under the authority and guidance of the CMP;

(c) “Member” means a representative elected by the CMP as a member of the Adaptation Fund Board, accorded the right to vote;

(d) “Alternate” means a representative elected by the CMP as an alternate for each member;

(e) “Meeting” means any meeting of the Adaptation Fund Board;

(f) “Chair” means the Board member elected as Chair of the Adaptation Fund Board, according to paragraph 10 of these rules;

(g) “Vice-Chair” means the Board member elected as Vice-Chair of the Adaptation Fund Board, according to paragraph 10 of these rules;

(h) “Secretariat” is a body appointed by the CMP to provide secretariat services to the Board and to the Fund, consistent with decision 1/CMP.3, paragraphs 3, 18, 19 and 31;

(i) “Trustee” means the trustee for the Adaptation Fund;

(j) “Implementing entities” means the organizations that have been identified ex ante by the Board as meeting the criteria adopted by the Board, in accordance with decision 1/CMP.3, paragraph 5 (c), to access funding to implement concrete adaptation projects and programmes supported by the Fund;

(k) “Executing entities” are organizations that meet the criteria set by the Board to access funding to implement concrete adaptation projects and programmes supported by the Fund, subject to such audit mechanisms and due diligence criteria as established by the Board;

(l) “UNFCCC” means the United Nations Framework Convention on Climate Change;

(m) “Protocol” means the Kyoto Protocol to the United Nations Framework Convention on Climate Change;

(n) “Parties” means Parties to the Kyoto Protocol;

(o) “Annex I Parties” means Parties included in Annex I to the Convention, as may be amended, or Parties which have made a notification under Article 4, paragraph 2(g), of the Convention;

(p) “Non-Annex I Parties” means Parties not included in Annex I to the Convention;

(q) “Secretary” means the person in charge of providing support services and logistics to the Adaptation Fund Board meetings;

(r) “Head of secretariat” means the head of the entity responsible for rendering secretariat services to the Adaptation Fund Board.

### **III. Board**

3. The Board shall comprise 16 members representing Parties, formally elected at a session of the CMP on the Adaptation Fund as follows:

(a) Two representatives from each of the five United Nations regional groups;

(b) One representative of the small island developing States;

(c) One representative of the least developed country Parties;

(d) Two other representatives from Annex I Parties;

(e) Two other representatives from non-Annex I Parties.



4. The election of each member is to be accompanied by the election of an alternate following the same principles as set out in paragraph 3 above.
5. The member and alternate shall each serve for a term of two calendar years and shall be eligible to serve a maximum of two consecutive terms.
6. In the absence of a member, or when requested by a member in writing, his or her alternate will act for the member, including by voting in the member's stead.
7. If a member or an alternate resigns or is otherwise unable to complete the assigned term of office or to perform the functions of that office, a new member or alternate shall be elected in accordance with decision 1/CMP.3, paragraph 8.
8. Notwithstanding paragraph 7, if a member or an alternate resigns or is otherwise unable to complete the assigned term of office or to perform the functions of that office, the Adaptation Fund Board may decide, bearing in mind the proximity of the next session of the CMP, to appoint another member, or an alternate member, from the same constituency to replace the said member for the remainder of that member's mandate. The Adaptation Fund Board shall request the relevant constituency to nominate the new member, or the new alternate.
9. Except as may be expressly provided otherwise in these rules, any reference in these rules to a member shall be deemed to include his or her alternate, when such alternate acts for such member.

#### **IV. Officers**

10. The Board shall elect the Chair and Vice-Chair from among its members, with one being from an Annex I Party and the other being from a non-Annex I Party. The term of office of the Chair and Vice-Chair shall be one calendar year. The office of Chair and Vice-Chair shall alternate annually between a member from an Annex I Party and a member from a non-Annex I Party.
11. If the Chair is temporarily unable to fulfil the obligations of the office, the Vice-Chair shall in the interim assume the obligations and authorities of the Chair. In the absence of the Chair and the Vice-Chair at a particular meeting, any other member designated by the Board shall temporarily serve as the Chair of that meeting.
12. If the Chair or Vice-Chair is unable to complete the term of office, the Board shall elect a replacement to complete the term of office.

13. The Chair shall, inter alia, declare the opening and closing of the meeting, ensure the observance of these rules, accord the right to speak, put questions to the vote and announce decisions. The Chair shall rule on points of order and, subject to these rules, shall have complete control of the proceedings and over the maintenance of order, including adjournment or suspension.

14. The Chair shall propose to the Board chairs and vice-chairs from among the members and alternates for specific working groups and committees, as necessary.

15. The Chair, or any member designated by the Chair, shall report to the CMP on behalf of the Board.

16. The Chair shall advocate and seek support for the Fund and the work of the Board. The Chair shall represent the Board at external meetings and shall report back to the Board on those meetings.

## **V. Secretariat**

17. The secretariat, being a dedicated team of officials to render secretariat services to the Adaptation Fund Board, shall:

(a) Make the necessary arrangements for the meetings of the Board, including ensuring that announcements of the meetings are posted on the Adaptation Fund and UNFCCC websites, issuing invitations, preparing meeting documents and the final report, which will include decisions of the meeting, and shall post all documents on the website of the Adaptation Fund;

(b) Designate a member of the dedicated team of officials to serve as Secretary of the Adaptation Fund Board meetings to provide support services and logistics;

(c) Keep meeting records and arrange for the custody and preservation of documents of the meetings in the archives of the entity designated as the secretariat to the Adaptation Fund Board;

(d) Generally perform all other functions that the Board may request.

## **VI. Meetings**

18. The Board shall meet at least twice every year or as frequently as necessary to enable it to discharge its responsibilities. The meetings of the Board shall take place in the country of the seat of the UNFCCC secretariat, except when meeting in conjunction with sessions of the CMP or with the sessions of subsidiary bodies under the UNFCCC, in which case the Board meeting may take

place in the country or at the venue of the relevant UNFCCC meeting.

19. Unless the Board decides otherwise in accordance with paragraph 20, meetings shall be open to members, alternates and observers as referred to in paragraphs 31–32. Observers shall inform the secretariat of the composition of their delegation four weeks prior to the first day of any scheduled meeting.

20. The Board may declare any of its meetings, or segments thereof, closed; these shall then be open to members, alternates and the representatives of the secretariat and the trustee. The Board may invite any of the representatives referred to in paragraphs 31–32 to attend such meetings.

21. At each meeting, the Board shall set the date and duration for the next meeting.

22. The secretariat shall notify all members, alternates and observers of the dates and venue of the meetings and circulate a formal invitation and provisional agenda for any meeting at least six weeks before the first day of the meeting.

23. A simple majority of the members of the Board must be present at a meeting to constitute a quorum. A quorum shall be verified by the Chair at the beginning of the meeting and at the time of the adoption of the decision.

24. Before the end of each meeting, the Chair shall present a draft report of the meeting, containing draft conclusions and decisions of the meeting, for consideration and approval by the Board. The Chair shall ascertain the existence of a quorum before adopting the draft report of the meeting on the understanding that the Chair will finalize the text, taking into account the amendments proposed during the meeting.

25. Any written records of the Board or recordings of proceedings shall be kept by the secretariat on behalf of the Board in accordance with paragraph 17 (c) and applicable rules and regulations. The secretariat shall make available to any Board member or alternate, at his or her request, copies of any records or recordings kept by the secretariat on behalf of the Board.

## **VII. Confidentiality and conflict of interest**

26. Information obtained from Adaptation Fund project participants marked as proprietary and/or confidential shall not be disclosed without the written consent of the provider of the information, except as required by national law.

27. Members and alternates have a duty not to disclose such confidential and/or proprietary information, unless required by applicable national law. This duty remains an obligation after the member's term expires.

28. Each member and alternate member shall take, and agree to respect, a written oath of service before assuming his or her service. The oath of service shall be witnessed by the Chair of the Adaptation Fund Board, and in the case of the Chair, by the Vice Chair of the Adaptation Fund Board. It shall read as follows:

"I solemnly declare that I will perform my duties and exercise my authority as member or alternate of the Adaptation Fund Board honourably, faithfully, impartially and conscientiously.

"I further solemnly declare that, subject to my responsibilities within the Adaptation Fund Board, I shall not disclose, even after the termination of my functions, any information marked confidential coming to my knowledge by reason of my duties in the Adaptation Fund Board.

"I shall disclose immediately to the Adaptation Fund Board any interest in any matter under discussion before the Adaptation Fund Board which may constitute a conflict of interest or which might be incompatible with the requirements of independence and impartiality expected of a member or alternate of the Adaptation Fund Board and I shall refrain from participating in the work of the Adaptation Fund Board in relation to such matter."

29. At each meeting, members and alternates must declare any conflicts of interest they may have in relation to any items on the agenda.

30. Members and alternates shall be bound by the rules of procedure of the Adaptation Fund Board, and shall recuse themselves from all related deliberations and decision-making should any personal and/or financial interest arise in any aspect of a project activity or a body representing a project for approval to the Board. Members and alternates have an obligation to promptly disclose any such situation.

## **VIII. Observers**

31. Except where otherwise decided by the Board, meetings shall be open for attendance, as observers, to representatives of UNFCCC Parties, the UNFCCC secretariat and UNFCCC accredited observers. Such observers may attend without the right to vote.

32. The secretariat shall, upon the request of the Board, notify any individual or entity, whether national or international,

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governmental or non-governmental, qualified in a field related to the work of the Fund, of any meeting so that it may be represented by an observer.

33. Observers may, upon the invitation of the Chair and if there is no objection from any of the members present, participate without the right to vote in the proceedings of any meeting in matters of direct concern to the body or agency, which they represent.

34. Observers may, upon invitation of the Chair and if there is no objection from the members present, make presentations relating to matters under consideration by the Board.

## **IX. Procedures for public communication**

35. The secretariat shall acknowledge receipt of unsolicited communications addressed to the Chair and make them available to the Chair and the Board via e-mail or fax. The Chair, with the support of the secretary of the Board, shall initiate action, including consultation with the Board, as needed, and answer unsolicited communications on behalf of the Board, as appropriate.

36. Unsolicited communications may be taken into consideration at the Board's next meeting if received before the document submission deadline (four weeks prior to the meeting). Any unsolicited communication received after this deadline would normally be considered at a subsequent meeting. At the discretion of the Chair, a communication may be brought forward to the Board.

37. If a member or alternate of the Board, in that capacity, receives an unsolicited communication, he or she shall forward it to the secretariat, copying the sender of the unsolicited communication, for processing as per the above. The same shall apply for submissions received by members of panels, committees or working groups.

## **X. Agenda**

38. The Chair, assisted by the secretariat, shall draft the provisional agenda for each regular meeting. The secretariat shall indicate the administrative and financial implications of all substantive agenda items submitted to the meeting. The provisional agenda, together with the notice of the meeting and other relevant documents, shall be transmitted to all those invited to the meeting in accordance with paragraphs 22 and 43 of these rules.

39. The Board shall, at the beginning of each meeting, adopt the agenda for the meeting.

40. Any item on the agenda of any meeting, consideration of which has not been completed at the meeting, shall automatically be

included in the agenda of the next meeting unless otherwise decided by the Board.

## **XI. Travel**

41. As soon as the Trust Fund for the Adaptation Fund is established, eligible members and alternates of the Board shall have their full costs of travel and daily subsistence allowance (DSA), including full transit costs, at the standard United Nations DSA rate, provided under the budget of the Board and secretariat.

42. As soon as the Trust Fund for the Adaptation Fund is established, travel for Board members and alternates shall be arranged according to United Nations rules.

## **XII. Transmittal of documents**

43. The secretariat shall transmit the documentation related to items on the provisional agenda to all those invited to the meeting at least four weeks before the first day of the meeting scheduled. In exceptional circumstances, the Chair may instruct the secretariat to transmit a document after the deadline.

## **XIII. Decision-making and voting**

44. Decisions of the Board shall be taken by consensus whenever possible.

45. If all efforts to reach a consensus have been exhausted and no agreement has been reached, decisions shall be taken by a two-thirds majority of the members present at the meeting on the basis of one member, one vote.

46. An alternate may cast a vote only if acting for the member in accordance with paragraph 6.

47. The Chair shall ascertain whether consensus has been reached. The Chair shall declare that a consensus does not exist if there is a stated objection to the proposed decision under consideration by a member or alternate acting for a member.

48. After ascertaining the existence of a quorum, the Chair shall announce the start of voting, after which no one shall be permitted to intervene until the results of the vote have been announced, unless an issue is raised in connection with the process of voting.

49. Voting shall be by roll-call, which shall be taken in alphabetical order of the names of the members, beginning with the member whose name is drawn by lot by the Chair.

50. The name of each member shall be called in all roll-calls, and he or she shall indicate the vote ('yes' or 'no') or abstention.

51. Votes cast by each member participating in a roll-call shall be recorded in the report of the meeting.

#### **XIV. Termination of Board membership**

52. The Board may propose to the CMP the termination of the membership of any member or alternate for cause including, inter alia, breach of the conflict of interest provision, breach of the confidentiality provisions, or failure to attend two consecutive meetings of the Board without proper justification.

53. The Board shall recommend to the CMP the termination of the membership of a member or an alternate only after the member or alternate has been given the opportunity of a hearing by the Board in a meeting.

54. Any motion calling for the termination of the membership of a member or alternate shall be decided in accordance with the voting rules in section XIII above. When the motion concerns the termination of the office of a Chair, the Vice-Chair shall act as Chair until the voting has been conducted and its result announced.

#### **XV. Committees and working groups**

55. The Board may establish committees, panels and working groups, if required, to provide, inter alia, expert advice, to assist the Adaptation Fund Board in the performance of its functions.

#### **XVI. Intersessional decisions**

56. Decisions without meetings may occur on an extraordinary basis when, in the judgement of the Chair and the Vice-Chair, a decision must be taken by the Board that should not be postponed until the next meeting of the Board. The secretariat, with the approval of the Chair, shall transmit to each member and alternate a proposed decision with an invitation to approve the decision on a no-objection basis.

57. Each member's comments on the proposed decision shall be sent to the secretariat during such period as the secretariat may prescribe, provided that such period is no less than two weeks.

58. At the expiration of the period prescribed for comments, the decision shall be approved unless there is an objection. If a proposed decision has financial implications, approval of the decision will require replies from at least two-thirds of the members. If there is an objection raised by any member to any proposed decision that cannot be resolved, the Chair shall include consideration of the proposed decision as an item on the agenda for the next meeting.

59. Any intersessional decision shall be deemed to have been taken at the headquarters of the UNFCCC secretariat. The secretariat

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shall inform members and alternates about the decision and post all intersessional decisions on the Adaptation Fund website.

## **XVII. Languages**

60. The working language for the Board shall be English. Simultaneous interpretation shall be provided during its meetings in all of the official United Nations languages that correspond to the actual language requirements of the members and alternates present at that meeting.

61. Late meetings, committees and working groups will be held in English when interpretation is not available.

62. Documents for the meetings will be provided in English only.

63. The full text of all reports including decisions taken by the Board shall be made publicly available via the Adaptation Fund website in all six official languages of the United Nations.

## **XVIII. Amendments to rules of procedure**

64. These rules of procedure may be amended according to paragraphs 44–51 above and, to be effective, must be formally approved by the CMP.

## **XIX. Overriding authority of the Kyoto Protocol**

65. In the event of any conflict between any provisions of these rules and any provisions of the Kyoto Protocol, the Kyoto Protocol shall prevail.



## Annex II

### **Legal arrangements for the secretariat of the Adaptation Fund Board**

#### **Introduction**

1. Article 12 of the Kyoto Protocol to the United Nations Framework Convention on Climate Change, in defining a clean development mechanism, includes a provision to “ensure that a share of the proceeds from certified project activities is used to cover administrative expenses as well as to assist developing country Parties that are particularly vulnerable to the adverse effects of climate change to meet the costs of adaptation.” Further, by its decision 10/CP.7, the Conference of the Parties established the Adaptation Fund to “finance concrete adaptation projects and programmes in developing country Parties that are Parties to the Protocol...”.

2. By its decision 1/CMP.3, the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol (CMP) established the Adaptation Fund Board as the operating entity of the Adaptation Fund. Decision 1/CMP.3, paragraph 19, “invites the Global Environment Facility (GEF) to provide secretariat services to the Adaptation Fund Board on an interim basis.”

3. The text of a draft Memorandum of Understanding (MOU) between the CMP and the Council of the GEF regarding secretariat services to the Adaptation Fund Board is presented in the appendix.

4. The form adopted is that of a MOU. An MOU is a form of arrangement that is often used to denote a firm, but not legally binding, commitment between two or more organizations. It provides that the arrangements described therein will become effective upon approval by the CMP and the Council of the GEF.

5. The MOU will be finalized upon mutual agreement by the CMP and the Council of the GEF.

## Appendix

# **MEMORANDUM OF UNDERSTANDING BETWEEN THE CONFERENCE OF THE PARTIES SERVING AS THE MEETING OF THE PARTIES TO THE KYOTO PROTOCOL AND THE COUNCIL OF THE GLOBAL ENVIRONMENT FACILITY REGARDING SECRETARIAT SERVICES TO THE ADAPTATION FUND BOARD**

## **I. Preamble**

The Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol (hereinafter the CMP) having decided (decision 5/CMP.2) to establish the Adaptation Fund of the Kyoto Protocol (hereinafter the Fund) and having further decided (decision 1/CMP.3) that the operating entity of the Fund shall be the Adaptation Fund Board (hereinafter the Board) established to supervise and manage the Fund, and that the Board should develop and approve draft legal and administrative arrangements for secretariat services and the trustee for approval by the CMP (decision 1/CMP.3, paragraph 5 (j)), and having invited the Global Environment Facility (hereinafter the GEF) to provide secretariat services to the Board, on an interim basis,

Recognizing the willingness of the GEF to provide secretariat services to the Board (hereinafter the secretariat) on an interim basis,

Having consulted with each other and taking into account the relevant aspects of their governance structures, as reflected in their constituent instruments,

The CMP and the Council of the GEF (hereinafter the Council) have reached the following understanding in accordance with the recommendation of the Board:

## **II. Purpose**

1. The purpose of the present Memorandum of Understanding (hereinafter the MOU) is to make provisions for the relationship between the CMP and the Council and to fulfil Article 12 of the Kyoto Protocol and decision 1/CMP.3 in connection with the provision of secretariat services as the secretariat.

### III. Secretariat services

2. The secretariat shall, under the guidance and instructions of the Board, provide the following services to the Board to support and facilitate the work of the Board:

(a) As a dedicated team of officials, provide secretariat services to the Board in a functionally independent and effective manner;

(b) Manage the daily operations of the Fund and report to the Board;

(c) Assist the Board in developing strategies, policies and guidelines for the Fund;

(d) Ensure timely implementation of the decisions of the Board;

(e) With respect to the day to day functioning of the Fund, act as liaison between the Board and Parties and implementing and executing entities;

(f) Make arrangements for the meetings of the Board, including issuance of invitations and preparation of documents and reports of meetings, and provide a secretary of the Board meeting;

(g) Develop the work programme and annual administrative budget of the Fund and submit them for approval by the Board;

(h) Ensure the implementation of the operational policies and guidelines of the Fund developed by the Board through, inter alia, the development of a project cycle based on criteria to be adopted by the Board;

(i) Operationalize the project cycle by:

(i) Undertaking initial review and screening of project proposals to assess conformity with guidelines approved by the Board;

(ii) Presenting project proposals for Board approval;

(iii) Monitoring implementation of progress;

(iv) Periodically reporting to the Board on portfolio performance;

(a) Coordinate the formulation and monitor the implementation of projects, ensuring liaison with other bodies as required;

(b) Liaise, as appropriate, with the secretariats of other relevant international bodies;

(c) Provide the trustee with all relevant information to enable it to carry out its responsibilities, consistent with decision 1/CMP.3 and the decisions of the Board;

(d) Provide services to ensure and facilitate proper communication with Parties;

(e) Perform any other functions assigned to it by the Board.

3. The head of the secretariat responsible for rendering the services shall be accountable to the Board.

## **II. Amendments**

4. Any amendments to the present MOU will be mutually agreed upon by the CMP and the Council. The Board may recommend to the CMP any amendments to the MOU.

## **III. Interpretation**

5. If differences arise in the interpretation of the present MOU, the Council and the CMP or the Board, as appropriate, will consult each other and reach a mutually agreed solution.

## **IV. Entry into effect**

6. The present MOU will come into effect upon adoption by the CMP and the Council. Either party may withdraw this MOU at any time by notification addressed to the other party. The withdrawal will take effect six months after the notification.

## **V. Review**

7. Decision 1/CMP.3, paragraph 32, provides for a review of the interim institutional arrangements after three years at the sixth session of the CMP. The present MOU will be reviewed in accordance with that decision. Following that review, this MOU may be modified to reflect any decisions mutually agreed by the CMP and by the Council.

## Annex III

### **Legal Arrangements between the Conference of the Parties Serving as the Meeting of the Parties to the Kyoto Protocol and The International Bank for Reconstruction and Development (World Bank) Regarding the Services to be Provided by the Trustee for the Adaptation Fund**

1. The Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol (CMP), by its decision 1/CMP.3, paragraph 31, requested the Adaptation Fund Board to develop the necessary legal arrangements to be concluded between the CMP and the trustee servicing the Adaptation Fund, and present the legal arrangements for adoption by the CMP.

2. In response to the above decision, the draft terms and conditions of services to be provided by the International Bank for Reconstruction and Development (the World Bank) as interim trustee for the Adaptation Fund (the World Bank in such capacity, the Trustee) (the Terms and Conditions), contained in the appendix, have been submitted to the Adaptation Fund Board for its consideration.

3. It is recommended that pursuant to decision 1/CMP.3, paragraph 31, the Adaptation Fund Board: (1) approve the draft Terms and Conditions; (2) recommend to the CMP, at its fourth session, to conclude the legal arrangement between the CMP and the World Bank by way of approving and accepting the terms and conditions, subject to approval and acceptance of the same by the World Bank; and (3) invite the World Bank to take any necessary action to accept the invitation to serve as the trustee, including seeking approval of the terms and conditions by the Board of Directors of the World Bank, following approval and acceptance of the same by the CMP.

## Appendix

### **TERMS AND CONDITIONS OF SERVICES TO BE PROVIDED BY THE INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT AS TRUSTEE FOR THE ADAPTATION FUND**

#### **I. Recitals**

(a) A clean development mechanism (CDM) was established under Article 12 of the Kyoto Protocol to the United Nations Framework Convention on Climate Change (the Convention) (the Kyoto Protocol). The Conference of the Parties decided in its decision 10/CP.7 that an adaptation fund (the Adaptation Fund) shall be established to finance concrete adaptation projects and programmes in developing country Parties that are Parties to the Kyoto Protocol, as well as activities identified in decision 5/CP.7, paragraph 8.

(b) The decision was further endorsed by the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol (CMP) through its decision 28/CMP.1.

(c) In decision 1/CMP.3, the CMP decided that the Adaptation Fund shall finance concrete adaptation projects and programmes that are country driven and are based on the needs, views and priorities of eligible Parties, and that the Adaptation Fund Board shall be established as the operating entity of the Adaptation Fund.

(d) The CMP, in its decision 1/CMP.3, invited the International Bank for Reconstruction and Development (the World Bank) to serve as the trustee for the Adaptation Fund (the World Bank in such capacity, the Trustee) on an interim basis, and requested the Adaptation Fund Board to present the necessary legal arrangements to be concluded between the CMP and the trustee, for adoption by the CMP at its fourth session.

(e) The CMP and the World Bank wish to conclude the legal arrangements necessary for the World Bank to serve as Trustee on an interim basis by way of adopting and accepting the terms and conditions of services to be provided by the Trustee on an interim basis (the Terms and Conditions) in the manner set forth below.

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## **II. Terms and conditions**

### **A. Role and responsibilities of the Trustee**

1. The World Bank shall act as the Trustee on an interim basis in accordance with the Terms and Conditions set forth herein.
2. The Trustee shall comply with the principles and modalities for operations stipulated in the relevant decisions of the CMP and decisions of the Adaptation Fund Board. The Trustee shall be closely consulted in the development of decisions, taken by the CMP or the Adaptation Fund Board after the effective date of the Terms and Conditions, which relate in any way to the functions of the Trustee performed or to be performed, and the Terms and Conditions stipulated below shall be applicable. The Trustee shall perform its functions under the Terms and Conditions in accordance with the applicable provisions of the World Bank's Articles of Agreement, by-laws, policies and procedures.
3. The CMP hereby: (1) confirms its designation, under its decision 1/CMP.3, of the Adaptation Fund Board as its designee and delegatee in respect of the Adaptation Fund, acting under the authority and guidance of the CMP, and (2) imbues the Adaptation Fund Board with the capacity, power and authority to render decisions and provide instructions, directions and guidance to the Trustee hereunder and to cause to be effectuated the sale of certified emission reductions (CERs) collected as the share of proceeds for the Adaptation Fund pursuant to paragraphs 24, 25, 26, 27 and 28 below.
4. The Trustee, in the performance of its functions under the Terms and Conditions, shall be accountable to the Adaptation Fund Board.
5. Without prejudice to any other provisions of the Terms and Conditions, the Trustee shall, in performing its functions under the Terms and Conditions, act upon decisions, instructions, directions or guidance of the CMP or the Adaptation Fund Board (or such other person designated in writing by the Adaptation Fund Board for that purpose (Authorized Designee)), only if such decisions, instructions, directions or guidance are provided to the Trustee in writing. The Trustee shall not be responsible for inquiring or investigating if any decisions, instructions, directions or guidance of the Adaptation Fund Board or, as the case may be, any Authorized Designees, do not contravene an existing decision or act of the CMP, and shall have no liability for relying in good faith on any written decision, instruction, direction or guidance of the CMP, Adaptation Fund Board or any Authorized Designees, without further inquiry or

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investigation on its part or otherwise for any actions taken, or omitted to be taken, in good faith.

6. The CMP acknowledges that the Trustee may disclose information obtained by it in connection with its functions under the Terms and Conditions, if such disclosure is required or otherwise necessary in carrying out the services and activities set out herein, in accordance with the World Bank's policies and procedures.

7. The Trustee shall establish a trust fund for the Adaptation Fund (the Trust Fund), and shall hold in trust, as a legal owner, and administer the funds, assets and receipts, which constitute the Trust Fund, on behalf of the Adaptation Fund supervised and managed by the Adaptation Fund Board.

8. For the purpose of the monetization of CERs for the Adaptation Fund, the Trustee, in its capacity as agent of the CMP, is hereby authorized by the CMP to administer sales of CERs under the instructions, direction and guidance of the Adaptation Fund Board consistent with its responsibility for the monetization of CERs, pursuant to paragraphs 24, 25, 26, 27 and 28 below.

9. The Trustee shall be responsible only for performing those duties and responsibilities specifically and expressly set forth in the Terms and Conditions and shall not be subject to any other duties or responsibilities (express or implied), including, without limitation, any duties or obligations that might otherwise apply to a fiduciary or trustee under general principles of equity, trust or fiduciary obligations and/or any other legal or equitable principles. To the extent that sales of CERs are conducted by the Trustee pursuant to paragraphs 24, 25, 26, 27 and 28 below, the Trustee shall not be responsible for the legality, validity or enforceability of any such sales of CERs, the value obtained from such sales of CERs (including any reduction in the value of the CERs from the time they are credited to the CDM Account (as defined in paragraph 24 below) to the time such sales are consummated) or any expenses or liabilities incurred in connection with such sales.

10. The Trustee shall not be liable for any failure to carry out its obligations under the Terms and Conditions where such failure is a result of a Force Majeure Event and, for so long as such circumstances continue, shall be relieved of its obligations under the Terms and Conditions which it has been prevented from fulfilling as a result of that Force Majeure Event without liability; provided that the Trustee shall, notwithstanding that it is relieved from its obligations hereunder, take all reasonable and practical steps to minimize any loss and/or disruption resulting from any such Force Majeure Event. For the purpose of this paragraph, "Force Majeure



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Event” means any event beyond the reasonable control of the person affected including, without limitation, labour dispute, act of God, war, act or circumstance of terrorism, riot, civil commotion, malicious damage, accident, breakdown of essential computer software, hardware or system failure, fire, flood and/or storm and other unforeseen circumstances materially and adversely effecting the performance of the functions of the Trustee under the Terms and Conditions.

11. The CMP acknowledges that the World Bank shall have the right to engage in any of the types of activities described in the Terms and Conditions for its own account or for the account of clients other than the Adaptation Fund whether acting as trustee, adviser or in any other capacity vis-à-vis such clients. The CMP agrees that the World Bank, in carrying out such activities for its own account or for the account of others, may decide to adopt approaches and courses of actions which differ from the approaches and courses of action that the Trustee decides to take in performing the services for the Adaptation Fund described in the Terms and Conditions. In engaging in such activities for its own account or for the account of others, the World Bank will put in place measures designed to avoid or mitigate conflicts of interest arising from its functions under the Terms and Conditions relating to the sale of CERs for the Adaptation Fund.

12. If a decision by the CMP or the Adaptation Fund Board after the effective date of the Terms and Conditions relates to the functions of the Trustee performed or to be performed under the Terms and Conditions, such decision shall be developed in close consultation with the Trustee. In the absence of such consultation with and the agreement of the Trustee, the Trustee shall not be bound by any decision of the CMP or the Adaptation Fund Board, to the extent that such a decision relates to the functions of the Trustee performed or to be performed under the Terms and Conditions.

13. The CMP agrees that the Trustee shall be fully indemnified, out of the assets held for the Adaptation Fund, including the Trust Fund resources, for any liabilities, claims, losses, costs and expenses, including attorneys’ fees and expenses, incurred by the Trustee in connection with or in any way arising out of its activities as Trustee, including but not limited to any activities of the Trustee in connection with the sale or the facilitation of the sale of the CERs. Such indemnity shall not include any liabilities, claims, losses, costs or expenses incurred by the Trustee as a direct result of its own gross negligence or wilful misconduct.

14. The privileges and immunities accorded to the World Bank shall apply to the property, assets, archives, operations and

transactions of the Trust Fund. Nothing in the Terms and Conditions shall be considered a waiver of any privileges or immunities of the World Bank under its Articles of Agreement or any applicable law, all of which are expressly reserved.

15. The CMP agrees that the Trustee shall be reimbursed annually from the assets held for the Adaptation Fund, including the Trust Fund resources, for the fees, costs and expenses incurred by it in connection with performing its functions under the Terms and Conditions, including, without limitation, the costs and expenses incurred in connection with the establishment and administration of the Trust Fund, the sale of CERs, and any and all services provided hereunder, including attorneys' fees and expenses, external auditors' costs, costs of insurance policies and relevant service providers' fees. For this purpose, the Trustee shall submit to the Adaptation Fund Board a proposal for mutual agreement for the services and activities to be provided by the Trustee and estimated fees, costs and expenses to carry out such services and activities for the initial and/or upcoming fiscal year, as applicable. Upon approval by the Adaptation Fund Board of such a proposal, the Trustee shall deduct and transfer the amount of the estimated fees, costs and expenses to its own account from the Trust Fund resources or such other assets held for the Adaptation Fund; provided that the amount of the fees, costs and expenses transferred shall be subject to an end of year adjustment based on actual costs and expenses incurred.

16. In order to enable the Trustee to carry out its functions enumerated in the Terms and Conditions, the Trustee shall be entitled to attend any meetings of the Adaptation Fund Board and, as an observer, any meetings of the CMP which may concern the operations and activities of the Adaptation Fund. Further, the CMP hereby requests the secretariat servicing the Adaptation Fund Board in accordance with decision 1/CMP.3, and the secretariat of the Convention (the UNFCCC secretariat), to cooperate fully with the Trustee.

## **B. Administration of the Trust Fund**

17. The Trustee shall receive and hold in the Trust Fund any proceeds from the sale of CERs conducted pursuant to paragraphs 24, 25, 26, 27 and 28 below. If requested by the Adaptation Fund Board, the Trustee may accept, on terms mutually agreed between the Trustee and the Adaptation Fund Board, contributions from donors to support the operations of the Adaptation Fund. For the avoidance of doubt, no CERs shall be held in the Trust Fund.

18. Subject to paragraphs 2 and 12 above, the Trustee shall administer the funds, assets and receipts of the Trust Fund only for

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the purpose of, and in accordance with, the Terms and Conditions and the relevant decisions of the CMP and the Adaptation Fund Board.

19. In accordance with decision 1/CMP.3, paragraph 21, and in conformity with the administrative and investment arrangements of the Trustee, the Trustee shall hold the funds, assets and receipts that constitute the Trust Fund separate and apart from the funds of the World Bank. The Trustee shall establish and maintain separate records and accounts to identify the resources of the Trust Fund, the commitments financed out of the Trust Fund, and the receipts and transfers of funds in the Trust Fund.

20. The Trustee shall invest the funds held in the Trust Fund, pending their transfer under paragraphs 15 and 22, in accordance with the Trustee's policies and procedures for the investment of trust funds administered by the World Bank, including commingling of the resources of the Trust Fund for administrative and investment purposes with other trust fund assets maintained by the World Bank. The commingling of Trust Fund resources for administrative and investment purposes should not affect the amount of resources from proceeds of CER monetization available in the Trust Fund for transfer of funds for Adaptation Fund operations, activities, projects and programmes. The Trustee shall credit all income from such investment to the Trust Fund to be used for the same purposes as other funds held in the Trust Fund. The CMP acknowledges that no warranty is given by the Trustee as to the performance or profitability of the investment of the funds held in the Trust Fund.

21. The funds held in the Trust Fund may be freely exchanged by the Trustee into other currencies as may facilitate their administration and transfer.

22. The Trustee shall, subject to the availability of resources held in the Trust Fund, record commitments and make transfers of funds from the Trust Fund in the manner agreed between the Trustee and the Adaptation Fund Board, only at, and in accordance with, the written direction provided to the Trustee by the Adaptation Fund Board or any Authorized Designee. Upon the transfer of funds, the Trustee shall not have any responsibility for the use of the Trust Fund funds transferred and activities carried out therewith, including but not limited to any responsibility with respect to supervising, monitoring, reporting on or verifying activities carried out with the Trust Fund funds transferred by the Trustee herein.

23. The Trustee shall prepare and furnish the Adaptation Fund Board with financial reports of the Trust Fund annually (or at any other such frequency agreed between the Trustee and the Adaptation

Fund Board), and provide records and accounts of the Trust Fund for audit by its external auditors annually (or at any other such frequency agreed between the Trustee and the Adaptation Fund Board), in accordance with the policies and procedures of the Trustee. Furthermore, the Trustee shall prepare and furnish the Adaptation Fund Board with reports on the sale of the CERs for the Adaptation Fund and on the status of commitments and transfers of Trust Fund funds annually (or at any other such frequency agreed between the Trustee and the Adaptation Fund Board).

### **C. Sales of certified emission reductions**

24. The CMP hereby authorizes the sale of CERs from the account established and maintained at the CDM registry for the Adaptation Fund to hold and transfer CERs collected as the share of proceeds to assist in meeting the costs of adaptation in accordance with Article 12, paragraph 8 of the Kyoto Protocol (the CDM Account) in the manner set forth hereunder.

25. The sale of CERs from the CDM Account shall be administered under the instructions, direction and guidance of the Adaptation Fund Board consistent with its responsibility to supervise and manage the Adaptation Fund and for the monetization of the CERs.

26. Pursuant to the authority provided under paragraph 3 above, the Adaptation Fund Board may cause to be entered into any and all contracts necessary for the sale of CERs from the CDM Account by granting to the Trustee any necessary power of attorney on behalf of the CMP, so that the Trustee may execute contracts of sale with the relevant third party CER purchasers and such other contracts necessary in connection with the sale or the facilitation of the sale of CERs, at the direction of the Adaptation Fund Board pursuant to paragraph 28 below.

27. Pursuant to the authority provided under paragraph 8 above, and in furtherance of paragraphs 24, 25 and 26 above, the Trustee may, at the direction of the Adaptation Fund Board pursuant to paragraph 28 below: (1) cause the transfer of the title to the CERs to the relevant third party purchasers upon receipt of payment in respect of the transfer; (2) enter into arrangements with the CDM Registry Administrator to effectuate such transfers of CERs; (3) engage with relevant service providers for the purposes of execution, clearance, settlement and other logistic matters in connection with the sale or the facilitation of the sale of CERs; and (4) take other such actions as necessary to effectuate the sale of CERs for the benefit of the Adaptation Fund.

28. Sale of CERs and transfers of title in respect of such sales pursuant to paragraphs 24, 25, 26 and 27 above shall be effected by the Trustee only in accordance with the guidelines agreed in writing between the Trustee and the Adaptation Fund Board.

**D. Dispute Resolution: Notices**

29. The CMP and the Trustee shall, to the extent possible, strive to resolve promptly and amicably questions of interpretation and application of the Terms and Conditions and settle any disputes, controversy, or claim arising out of or relating to the Terms and Conditions.

30. Any dispute, controversy or claim arising out of or relating to the Terms and Conditions, which has not been settled by agreement between the CMP and the Trustee, shall be submitted to arbitration in accordance with the Arbitration Rules of the United Nations Commission on International Trade Law (UNCITRAL) in force on the effective date of the Terms and Conditions, and the following provisions: (1) the appointing authority shall be the Secretary-General of the Permanent Court of Arbitration; and (2) the language of the arbitral proceedings shall be English.

31. Any arbitral award under paragraph 30 above shall be final and binding upon the CMP and the Trustee. The provisions set forth in paragraphs 29 and 30 above shall be in lieu of any other procedure for the settlement of disputes between the CMP and the Trustee.

32. Any notice or request required or permitted to be given or made under the Terms and Conditions and any other agreement between any of the parties contemplated by the Terms and Conditions shall be in writing. Any such notice or request shall be deemed to have been duly given or made once it has been delivered by hand, mail, facsimile or, if so designated by the Parties, by other electronic means, to the World Bank or the UNFCCC secretariat, in case of the CMP, to which it is required or permitted to be given or made at such party's address designated by notice to the World Bank or the UNFCCC Secretariat, in case of the CMP, giving such notice or making such request. Deliveries made by facsimile or other electronic means shall also be confirmed by mail.

**E. Amendment and termination**

33. Any amendment to the Terms and Conditions shall become effective only upon approval and acceptance by the CMP and the World Bank.

34. The Trustee's role as trustee servicing the Adaptation Fund under the Terms and Conditions shall be automatically terminated three months after the sixth session of the CMP, unless the CMP and

the Trustee affirmatively agree in writing to extend beyond this date the term of the Trustee's services under the Terms and Conditions.

35. Notwithstanding paragraph 34 above, the CMP may at any time terminate the appointment of the Trustee as trustee servicing the Adaptation Fund under the Terms and Conditions. The Trustee's role as trustee servicing the Adaptation Fund shall be terminated three months after receipt by the Trustee of notice in writing of the termination of the appointment.

36. Notwithstanding paragraph 34 above, the Trustee may at any time terminate its role as trustee servicing the Adaptation Fund by giving the CMP notice in writing no less than three months prior to any session of the CMP. The Trustee's role as trustee servicing the Adaptation Fund shall be terminated immediately after the session of the CMP which immediately follows the notice by the Trustee. In the event that no session of the CMP is held within 12 months of the Trustee giving notice, however, the Trustee's role shall be terminated 12 months after the Trustee has given notice.

37. Following termination of the Trustee's role as trustee servicing the Adaptation Fund pursuant to paragraphs 34, 35 or 36 above, the Trustee shall carry on no business for the Adaptation Fund except for the purpose of winding up its affairs. The Trustee shall take all necessary action for winding up its affairs in an expeditious manner, and for meeting the commitments already made by the Trustee and the transfer of any remaining funds, assets and receipts in the Trust Fund, as directed by the Adaptation Fund Board. The CMP hereby mandates that in such circumstances the Adaptation Fund Board shall provide such direction to the Trustee without undue delay. All of the powers and rights of the Trustee under the Terms and Conditions, including the right to be reimbursed for the fees, costs and expenses incurred under paragraph 15 above, shall continue until the affairs of the Trustee have been wound up.

#### **F. Effectiveness**

38. The Terms and Conditions shall become effective and constitute agreement between the CMP and the World Bank upon decisions by the CMP and the World Bank to adopt and accept the Terms and Conditions.

## Annex IV

### **Strategic Priorities, Policies and Guidelines of the Adaptation Fund**

#### **I. Background**

1. The Conference of the Parties decided by its decision 10/CP.7 to establish an adaptation fund (the Adaptation Fund) to finance concrete adaptation projects and programmes in developing country Parties that are Parties to the Kyoto Protocol, as well as activities identified in decision 5/CP.7, paragraph 8. The decision was further endorsed by the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol (CMP) through its decision 28/CMP.1.

2. In decision 5/CMP.2, Parties agreed on guiding principles and modalities. Parties further agreed in decision 1/CMP.3 that the Adaptation Fund Board shall be established as the operating entity of the Adaptation Fund.

3. This document sets out the strategic priorities, policies and guidelines for the Adaptation Fund, developed by the Adaptation Fund Board as requested by Parties in decision 1/CMP.3, paragraph 5(a).

4. The strategic priorities, policies and guidelines set out in this document form the basis upon which the operational policies and guidelines shall be developed to enable eligible Parties to access resources from the Adaptation Fund.

#### **II. Strategic priorities**

5. In accordance with decision 1/CMP.3, paragraphs 1 and 2, the Adaptation Fund shall:

(a) Assist developing country Parties to the Kyoto Protocol that are particularly vulnerable to the adverse effects of climate change in meeting the costs of adaptation;

(b) Finance concrete adaptation projects and programmes that are country driven and are based on the needs, views and priorities of eligible Parties.

6. In accordance with decision 5/CMP.2, paragraph 2 (c), projects and programmes funded under the Adaptation Fund should also take into account, inter alia, national sustainable development strategies, poverty reduction strategies, national communications and national adaptation programmes of action and other relevant instruments, where they exist.

7. In developing projects and programmes to be funded under the Adaptation Fund, eligible Parties should consider the guidance provided in decision 5/CP.7, paragraph 8, and, where necessary, further information included in reports from the Intergovernmental Panel on Climate Change and information generated under the Nairobi work programme on impacts, vulnerability and adaptation to climate change.

8. In developing projects and programmes, special attention shall be given by eligible Parties to the particular needs of the most vulnerable communities.

### **III. Strategic policies and guidelines**

9. The operational principles and modalities that shall guide the provision of assistance by the Adaptation Fund to eligible Parties shall be consistent with decision 5/CMP.2, paragraphs 1 and 2.

10. Eligible Parties to receive funding from the Adaptation Fund are understood as developing country Parties to the Kyoto Protocol that are particularly vulnerable to the adverse effects of climate change including low-lying and other small island countries, countries with low-lying coastal, arid and semi-arid areas or areas liable to floods, drought and desertification, and developing countries with fragile mountainous ecosystems.

11. Eligible Parties can submit project proposals directly to the Adaptation Fund Board and implementing or executing entities chosen by governments that are able to implement the projects funded under the Adaptation Fund can approach the Adaptation Fund Board directly.

12. Funding for projects and programmes will be on a full adaptation cost basis to address the adverse effects of climate change.

13. Funding for projects and programmes will be available for projects and programmes at national, regional and community levels.

14. Short and efficient project development and approval cycles and expedited processing of eligible activities shall be developed.



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15. In assessing project and programme proposals, the Adaptation Fund Board shall give particular attention to:

- (c) Consistency with national sustainable development strategies, including, where appropriate, national development plans, poverty reduction strategies, national communications and national adaptation programmes of action and other relevant instruments, where they exist;
- (d) Economic, social and environmental benefits from the projects;
- (e) Meeting national technical standards, where applicable;
- (f) Cost-effectiveness of projects and programmes;
- (g) Arrangements for management, including for financial and risk management;
- (h) Arrangements for monitoring and evaluation and impact assessment;
- (i) Avoiding duplication with other funding sources for adaptation for the same project activity;
- (j) Moving towards a programmatic approach, where appropriate.

16. The decision on the allocation of resources of the Adaptation Fund among eligible Parties shall take into account:

- (a) Level of vulnerability;
- (b) Level of urgency and risks arising from delay;
- (c) Ensuring access to the fund in a balanced and equitable manner;
- (d) Lessons learned in project and programme design and implementation to be captured;
- (e) Securing regional co-benefits to the extent possible, where applicable;
- (f) Maximizing multi-sectoral or cross-sectoral benefits;
- (g) Adaptive capacity to the adverse effects of climate change.

17. The Adaptation Fund Board may wish to review elements of this strategic priority based on lessons learned.

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## Decision 1/CMP.3

(FCCC/KP/CMP/2007/9/Add.1)

### Adaptation Fund

*The Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol,*

*Recalling* Article 12, paragraph 8, of the Kyoto Protocol,

*Reaffirming* decisions 3/CMP.1, 28/CMP.1 and 5/CMP.2,

1. *Decides* that developing country Parties to the Kyoto Protocol that are particularly vulnerable to the adverse effects of climate change are eligible for funding from the Adaptation Fund to assist them in meeting the costs of adaptation;<sup>1</sup>
2. *Decides* that the Adaptation Fund shall finance concrete adaptation projects and programmes that are country driven and are based on the needs, views and priorities of eligible Parties;

#### ***Operating entity***

3. *Decides* that the operating entity of the Adaptation Fund shall be the Adaptation Fund Board, serviced by a secretariat and a trustee;
4. *Decides* that the Adaptation Fund Board shall be established to supervise and manage the Adaptation Fund, under the authority and guidance of the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol, and shall be fully accountable to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol, which shall decide on its overall policies in line with relevant decisions;

#### ***Functions***

5. *Decides* that the functions of the Adaptation Fund Board shall include the following functions and any other functions assigned to it by the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol:
  - (a) To develop strategic priorities, policies and guidelines, and recommend their adoption to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol;

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<sup>1</sup> Decision 28/CMP.1 makes reference in the preambular part to particularly vulnerable countries.

(b) To develop and decide on specific operational policies and guidelines, including programming guidance and administrative and financial management guidelines, in accordance with decision 5/CMP.2, and to report to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol;

(c) To develop criteria based on principles and modalities listed in decision 5/CMP.2 to ensure that the executing entities have the capacity to implement the administrative and financial management guidelines of the Adaptation Fund, and report on it to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol;

(d) To decide on projects, including the allocation of funds, in line with the Adaptation Fund principles, criteria, modalities, policies and programmes, in accordance with decision 5/CMP.2;

(e) To develop and agree on additional rules of procedure to those included in this decision and recommend these for adoption by the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol;

(f) To monitor and review implementation of the operations of the Adaptation Fund, including its administrative arrangements and the expenditure incurred under the Adaptation Fund, and recommend decisions, as may be appropriate, for adoption by the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol;

(g) To establish committees, panels and working groups, if required, to provide, inter alia, expert advice, to assist the Adaptation Fund Board in the performance of its functions;

(h) To draw upon and make use of the expertise that the Adaptation Fund Board may require to perform its functions;

(i) To regularly review performance reports on implementation and ensure independent evaluation and auditing of activities supported by the Adaptation Fund;

(j) To develop and approve draft legal and administrative arrangements for secretariat services and the trustee for approval by the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol;

(k) To be responsible for the monetization of certified emission reductions issued by the Executive Board of the clean

development mechanism and forwarded to the Adaptation Fund to assist developing country Parties that are particularly vulnerable to the adverse effects of climate change to meet the costs of adaptation, and to report annually to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol on the monetization of certified emission reductions;

(l) To report on its activities at each session of the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol;

(m) To include in its work plan for the period up to the fourth session of the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol, inter alia, those functions identified in paragraph 5(a), (b), (c), (e), (j) and (k) above in order for the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol to adopt or take note thereof;

### ***Composition***

6. *Decides* that the Adaptation Fund Board shall comprise 16 members representing Parties to the Kyoto Protocol, taking into account fair and balanced representation among these groups as follows:

(a) Two representatives from each of the five United Nations regional groups;

(b) One representative of the small island developing States;

(c) One representative of the least developed country Parties;

(d) Two other representatives from the Parties included in Annex I to the Convention (Annex I Parties);

(e) Two other representatives from the Parties not included in Annex I to the Convention (non-Annex I Parties);

7. *Decides* that the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol shall elect an alternate for each member of the Adaptation Fund Board on the same principles as set out in paragraph 6 above, and that the nomination of a candidate member shall be accompanied by a nomination of a candidate alternate member from the same group;

8. *Decides* that members, including alternate members, of the Adaptation Fund Board with the appropriate technical, adaptation

and/or policy expertise shall be identified by their respective governments, nominated by the relevant groups as indicated in paragraphs 6 and 7 above and elected by the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol to serve as government representatives, and that vacancies shall be filled in the same manner;

9. *Decides* that members and alternate members shall serve for a term of two years and shall be eligible to serve a maximum of two consecutive terms;

### ***Membership***

10. *Decides* that members, including alternate members, of the Adaptation Fund Board shall be bound by the rules of procedure of the Adaptation Fund Board and have no personal financial interest in any aspect of a project activity or a body presenting a project for approval to the Adaptation Fund Board;

### ***Quorum***

11. *Decides* that a simple majority of the members of the Adaptation Fund Board must be present at the meeting to constitute a quorum;

### ***Decision-making***

12. *Decides* that decisions of the Adaptation Fund Board shall be taken by consensus; if all efforts at reaching a consensus have been exhausted, and no agreement has been reached, decisions shall be taken by a two thirds majority of the members present at the meeting on the basis of one member, one vote;

### ***Chairmanship***

13. *Decides* that the Adaptation Fund Board shall elect its own Chair and Vice-Chair, with one being a member from an Annex I Party and the other being from a non-Annex I Party, the positions of Chair and Vice-Chair shall alternate annually between an Annex I Party and a member from a non-Annex I Party;

### ***Frequency of meetings***

14. *Decides* that the Adaptation Fund Board shall convene its first meeting soon after the election of its members;

15. *Decides* that, thereafter, the Adaptation Fund Board shall meet at least twice a year, while retaining the flexibility to adjust the number of meetings to suit its needs, and meet at the country of seat

of the UNFCCC secretariat except when meeting in conjunction with sessions of the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol or with sessions of subsidiary bodies under the Convention;

### ***Observers***

16. *Decides* that meetings of the Adaptation Fund Board shall be open to attendance, as observers, by UNFCCC Parties and by UNFCCC accredited observers, except where otherwise decided by the Adaptation Fund Board;

### ***Transparency***

17. *Decides* that the full text of all decisions taken by the Adaptation Fund Board shall be made publicly available in all six official languages of United Nations;

### ***Secretariat***

18. *Decides* that secretariat services shall be provided to the Adaptation Fund Board in order to support and facilitate its activities, that a dedicated team of officials shall be identified to render secretariat services to the Adaptation Fund Board in a functionally independent and effective manner and that the head of the secretariat responsible for rendering the services shall be accountable to the Adaptation Fund Board;

19. *Invites* the Global Environment Facility to provide secretariat services to the Adaptation Fund Board on an interim basis;

### ***Trustee***

20. *Decides* that the Adaptation Fund shall have a trustee that shall have fiduciary responsibility and the administrative competence to manage the Adaptation Fund, and shall comply with principles and modalities for operations stipulated in relevant decisions of the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol;

21. *Decides* that the trustee shall hold in trust the funds, assets and receipts that constitute the Fund, and manage and use them only for the purpose of, and in accordance with, the provisions of relevant decisions, keeping them separate and apart from all other accounts and assets of, or administered by, the trustee;

22. *Decides* that the trustee shall be accountable to the Adaptation Fund Board for the performance of its fiduciary responsibilities and

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in particular for the monetization of certified emission reductions in accordance with guidance provided by the Adaptation Fund Board;

23. *Invites* the World Bank to serve as the trustee of the Adaptation Fund on an interim basis;

24. *Decides* that a trust fund shall be established under the management of the trustee, to be funded by the monetized share of proceeds of certified emission reductions, to meet the costs of adaptation and other sources of funding;

25. *Decides* that the administrative expenses for operating the Adaptation Fund shall be financed by the trust fund for the Adaptation Fund;

26. *Decides* that the cost of participation of members and of alternate members from developing country Parties and other Parties eligible under the UNFCCC practice shall be covered by the trust fund for the Adaptation Fund;

27. *Invites* Parties to finance the administrative expenses for operating the Adaptation Fund in an interim phase, until the monetization of the share of proceeds of certified emission reductions to meet the costs of adaptation is operational, by making contributions to the trust fund for the Adaptation Fund and that such contributions shall be reimbursed, if requested, from the monetization of the share of proceeds of certified emission reductions to meet the costs of adaptation, in accordance with procedures and a timetable to be determined by the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol upon the recommendation of the Adaptation Fund Board;

### ***Monetization***

28. *Decides* that the monetization of certified emission reductions referred to in paragraphs 5(k), 22 and 27 above shall be undertaken in order to:

(a) Ensure predictable revenue flow for the Adaptation Fund;

(b) Optimize revenue for the Adaptation Fund while limiting financial risks;

(c) Be transparent and monetize the share of the proceeds in the most cost-effective manner, utilizing appropriate expertise for this task;

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***Access to funding***

29. *Decides* that eligible Parties shall be able to submit their project proposals directly to the Adaptation Fund Board and that implementing or executing entities chosen by governments that are able to implement the projects funded under the Adaptation Fund may also approach the Adaptation Fund Board directly;

30. *Decides* that in order to submit a project proposal, Parties and implementing or executing entities shall meet the criteria adopted by the Adaptation Fund Board in accordance with paragraph 5 (c) above, in order to access funding from the Adaptation Fund;

***Institutional arrangements***

31. *Decides* to request the Adaptation Fund Board to develop the necessary legal arrangements, to be concluded between the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol and both the secretariat and the trustee servicing the Adaptation Fund, for the purpose of regulating the provisions of the required services, the terms and conditions thereof and the performance standards required from the secretariat and the trustee servicing the Adaptation Fund, and present these legal arrangements for adoption by the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol at its fourth session;

***Review***

32. *Decides* that the interim institutional arrangements mentioned in paragraphs 19 and 23 above shall be reviewed after three years at the sixth session of the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol;

33. *Decides* to undertake, at its sixth session, a review of all matters relating to the Adaptation Fund, including the institutional arrangements, with a view to ensuring the effectiveness and adequacy thereof, and thereafter every three years, in order to adopt an appropriate decision on the outcome of such a review; the review shall take into account the outcome of performance reviews of the secretariat and the trustee servicing the Adaptation Fund, submissions by Parties and other interested intergovernmental organizations and stakeholders;



34. *Decides* that in the event of any revision of the decision on institutional arrangements, the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol shall make the necessary arrangements to ensure that any project activities already funded and in the process of being implemented are not jeopardized.

*9th plenary meeting*  
*14–15 December 2007*

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## Decision 5/CMP.2

(FCCC/KP/CMP/2006/10/Add.1)

### Adaptation Fund

*The Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol,*

*Recognizing* that Parties should protect the climate system for the benefit of present and future generations of humankind, on the basis of equity and in accordance with their common but differentiated responsibilities and respective capabilities and that, accordingly, the developed country Parties should take the lead in combating climate change and the adverse effects thereof,

*Recalling* Article 12, paragraph 8, of the Kyoto Protocol

*Recalling* its decisions 3/CMP.1 and 28/CMP.1,

*Recalling also* decisions 5/CP.7, 10/CP.7, 17/CP.7,

21. *Decides* that the Adaptation Fund shall be guided by the following principles:

(a) A share of the proceeds from certified project activities is used to cover administrative expenses as well as to assist developing country Parties that are particularly vulnerable to the adverse effects of climate change to meet the costs of adaptation;

(b) Access to the fund in a balanced and equitable manner for eligible countries;

(c) Transparency and openness in the governance of the fund;

(d) Funding on full adaptation cost basis of projects and programmes to address the adverse effects of climate change;

(e) The Adaptation Fund should operate under the authority and guidance of and be accountable to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol which shall decide on its overall policies;

(f) Accountability in management, operation and use of the funds;

(g) No duplication with other sources of funding for adaptation in the use of the Adaptation Fund;

(h) Efficiency and effectiveness in the management, operation and governance of the fund;

35. *Decides* that the Adaptation Fund shall operate with the following modalities:

(a) Funding for eligible Parties will be available for national, regional and community level activities;

(b) Facilitative procedures for accessing funds, including short and efficient project development and approval cycles and expedited processing of eligible activities;

(c) Projects should be country driven and should clearly be based on needs, views and priorities of eligible Parties, taking into account, inter alia, national sustainable development strategies, poverty reduction strategies, national communications and national adaptation programmes of action and other relevant instruments, where they exist;

(d) Funding shall be available for concrete adaptation projects and programmes in eligible countries;

(e) Ability to receive contributions from other sources of funding;

(f) Competency in adaptation and financial management;

(g) Sound financial management, including the use of international fiduciary standards;

(h) Clearly defined responsibilities for quality assurance, management and implementation;

(i) Independent monitoring, evaluation and financial audits;

(j) Learning by doing;

36. *Decides* that membership of the governing body of the Adaptation Fund shall be from Parties to the Kyoto Protocol, follow a one-country-one-vote rule and have a majority of Parties not included in Annex I to the Convention;

37. *Requests* the Subsidiary Body for Implementation to develop recommendations to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol at its third session with the aim of adopting a decision on the following issues:

(a) Eligibility criteria;

- (b) Priority areas;
- (c) Monetizing the share of proceeds;
- (d) Institutional arrangements;

38. *Invites* interested institutions to submit to the secretariat, by 23 February 2007, their views on how they would operationalize this decision;

39. *Requests* the secretariat to compile the submissions mentioned in paragraph 5 above into a miscellaneous document for consideration by the Subsidiary Body for Implementation at its twenty-sixth session;

40. *Requests* the Chair of the Subsidiary Body for Implementation to organize, with the assistance of the secretariat and subject to the availability of resources, consultations among Parties before the twenty-seventh session of the Subsidiary Body for Implementation with the aim of exchanging views on issues defined in paragraph 4 above and recommending possible ways forward.

*10<sup>th</sup> plenary meeting  
17 November 2006*

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## **Decision 28/CMP.1**

*(FCCC/KP/CMP/2005/8/Add.4)*

### **Initial guidance to an entity entrusted with the operation of the financial mechanism of the Convention, for the operation of the Adaptation Fund**

*The Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol,*

*Recalling* Article 12, paragraph 8, of the Kyoto Protocol, *Recalling* decisions 5/CP.7, 10/CP.7 and 17/CP.7,

*Recognizing* that low-lying and other small island countries, countries with low-lying coastal, arid and semi-arid areas or areas liable to floods, drought and desertification, and developing countries with fragile mountainous ecosystems are particularly vulnerable to the adverse effects of climate change,

*Recognizing* the need to operationalize the Adaptation Fund as soon as possible,

*Taking note of* the proposed arrangements for the Adaptation Fund presented by the Global Environment Facility as an entity entrusted with the operation of the financial mechanism of the Convention, as contained in paragraph 31 of the report of the Global Environment Facility to the Conference of the Parties (FCCC/CP/2005/3 and Corr.1),

*Noting* that the Adaptation Fund shall be financed from the share of proceeds on the clean development mechanism project activities and other sources of funding,

*Recognizing* that adaptation to climate change is an integral part of ongoing efforts for sustainable development,

1. *Decides* that the Adaptation Fund established under decision 10/CP.7 shall finance concrete adaptation projects and programmes in developing country Parties that are Parties to the Kyoto Protocol, as well as activities identified in decision 5/CP.7, paragraph 8;

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2. *Decides* that the Adaptation Fund shall function under the guidance of, and be accountable to, the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol;
  3. *Decides* that the operation of the Adaptation Fund shall be guided by the following:
    - (a) A country-driven approach
    - (b) Sound financial management and transparency
    - (c) Separation from other funding sources
    - (d) A learning-by-doing approach;
  4. *Decides* to adopt further guidance on policies, programme priorities and eligibility criteria for the operation of the Adaptation Fund, at its second session;
  5. *Invites* Parties to submit to the secretariat, by 13 February 2006, their views on specific policies, programme priorities and eligibility criteria for consideration by the Subsidiary Body for Implementation at its twenty-fourth session (May 2006);
  6. *Further invites* Parties and relevant international organizations to submit to the secretariat, by 13 February 2006, their views on possible arrangements for the management of the Adaptation Fund for consideration by the Subsidiary Body for Implementation at its twenty-fourth session;
  7. *Requests* the secretariat to organize, before the twenty-fourth session of the Subsidiary Body for Implementation, subject to the availability of resources, a workshop to promote an exchange of views on further guidance for the operation of the Adaptation Fund.

*9<sup>th</sup> plenary meeting  
9-10 December 2005*

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## Decision 4/CP.9

(FCCC/CP/2003/6/Add.1)

### **Additional guidance to an operating entity of the financial mechanism**

*The Conference of the Parties,*

*Recalling* Article 3, Article 4, paragraphs 1, 3, 4, 5, 7, 8 and 9, Article 9, paragraph 2 (c), Article 11, paragraphs 1 and 5, and Article 12, paragraphs 3 and 4, of the Convention,

*Recalling also* its decisions 13/CP.1, 7/CP.2, 10/CP.2, 11/CP.2, 12/CP.2, 9/CP.3, 1/CP.4, 2/CP.4, 4/CP.4, 6/CP.4, 8/CP.5, 9/CP.5, 10/CP.5, 2/CP.7, 3/CP.7, 4/CP.7, 6/CP.7, 7/CP.7, 5/CP.8, 7/CP.8, 9/CP.8 and 10/CP.8,

*Recalling further* that in accordance with decision 11/CP.1, the Conference of the Parties is to give guidance on policies, programme priorities and eligibility criteria to an operating entity of the financial mechanism,

1. *Decides* that the Global Environment Facility, as an operating entity of the financial mechanism, should:

(a) On matters relating to national communications:

(b) Closely monitor the performance of the global project to support the preparation of national communications, including its effectiveness and efficiency, and continue to ensure that implementation of this project is consistent with the guidance provided by the Conference of the Parties;

(i) Provide finance in a timely manner for the preparation of national communications by Parties not included in Annex I to the Convention (non-Annex I Parties) whose project activities are not covered by the global project;

(c) On matters relating to capacity-building:

(i) Continue to provide financial support to non-Annex I Parties, in accordance with decision 6/CP.7, for the implementation of the capacity-building framework annexed to decision 2/CP.7;

(ii) Take into account, in its work relating to the development of capacity-building performance indicators for the climate change focal area, the capacity-building framework annexed to decision 2/CP.7, and undertake this work in consultation with the Convention secretariat;

(iii) Provide financial support to countries with economies in transition, within its mandate, for the implementation of the capacity-building framework annexed to decision 3/CP.7;

(d) On matters relating to transfer of technology, continue to support enabling activities relating to technology needs assessments;

2. *Requests* the Global Environment Facility:

(a) To continue its support for education, training and public awareness activities relating to climate change;

(b) To operationalize the new strategic priority in the climate change focal area (Piloting an operational approach to adaptation) as soon as possible;

(c) To include in its report to the Conference of the Parties at its tenth session information on specific steps undertaken to implement this decision;

3. *Invites* the Global Environment Facility to give appropriate consideration to addressing the priority needs identified by non-Annex I Parties in their regional action plans relating to global observing systems for climate, noting the existence of other bilateral and multilateral agencies and mechanisms that support global climate observing systems.

*8th plenary meeting  
12 December 2003*



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**Decision 5/CP.7***(FCCC/CP/2001/13/Add.1)***Implementation of Article 4, paragraphs 8 and 9, of the Convention (decision 3/CP.3 and Article 2, paragraph 3, and Article 3, paragraph 14, of the Kyoto Protocol)<sup>1</sup>**

*The Conference of the Parties,*

*Determined* to protect the climate system for present and future generations, *Recalling* its decisions 11/CP.1, 3/CP.3, 1/CP.4, 5/CP.4 and 12/CP.5,

*Recalling further* its decision 5/CP.6, containing the Bonn Agreements on the implementation of the Buenos Aires Plan of Action,

*Recognizing* the specific needs and concerns of developing country Parties referred to in Article 4, paragraph 8, of the Convention, and the specific needs and special situations of the least developed countries referred to in Article 4, paragraph 9,

*Recognizing* that low-lying and other small island countries, countries with low-lying coastal, arid and semi-arid areas or areas liable to floods, drought and desertification, and developing countries with fragile mountainous ecosystems are particularly vulnerable to the adverse effects of climate change,

*Recognizing* the special difficulties of those countries, especially developing countries, whose economies are particularly dependent on fossil fuel production, use and exportation, as a consequence of action taken to limit greenhouse gas emissions,

*Reaffirming* that Parties should protect the climate system for the benefit of present and future generations of humankind, on the basis of equity and in accordance with their common but differentiated responsibilities and respective capabilities, and that,

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<sup>1</sup> Paragraphs 13, 17, and 18 of the draft decision contained in document FCCC/CP/2001/5/Add.1 have been omitted from the final text of this decision, since their content is subsumed in decisions 6/CP.7, 28/CP.7 and 29/CP.7 and by the conclusions contained in section V.D. of document FCCC/CP/2001/13/Add.4.

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accordingly, the developed country Parties should take the lead in combating climate change and the adverse effects thereof,

*Reaffirming* that the specific needs and special circumstances of developing country Parties, especially those that are particularly vulnerable to the adverse effects of climate change, and of those Parties, especially developing country Parties, which would have to bear a disproportionate or abnormal burden under the Convention, should be given full consideration,

*Affirming* that responses to climate change should be coordinated with social and economic development in an integrated manner with a view to avoiding adverse impacts on the latter, taking into full account the legitimate priority needs of developing countries for the achievement of sustained economic growth and the eradication of poverty,

*Acknowledging* the efforts already made by Parties to meet the specific needs and concerns of developing country Parties, in particular the least developed countries, with regard to adaptation,

*Acknowledging* the need to sensitize policy makers and the general public in Parties not included in Annex I to the Convention to climate change and its effects, in accordance with Article 6(a) of the Convention,

*Having considered* the report<sup>2</sup>, in two parts, on the two workshops referred to in decision 12/CP.5,

*Noting* the many persistent uncertainties highlighted by those workshops, particularly with regard to the impact of response measures,

*Insisting* that the extent to which developing country Parties will effectively implement their commitments will depend on the effective implementation by the developed country Parties of their commitments relating to financial resources and transfer of technology and will also take fully into account that economic and social development and poverty eradication are the first and overriding priorities of the developing country Parties,

*Acknowledging* that the impact of the implementation of response measures will differ significantly from country to country, depending on each country's unique national circumstances, including the structure of its economy, trade and investment, natural

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<sup>2</sup> FCCC/SB/2000/2.

resource endowment, social system, legal regime and population growth rate,

*Recognizing* that the least developed country Parties are among the most vulnerable to the adverse effects of climate change, and in particular that widespread poverty limits their adaptive capacity,

*Acknowledging* that the human, infrastructural and economic conditions of the least developed countries severely limit their capacities to participate effectively in the climate change process,

*Noting* that many of the least developed country Parties do not have the capacity to prepare and submit national communications in the foreseeable future,

## **I. ADVERSE EFFECTS OF CLIMATE CHANGE**

1. *Asserts* the importance of a country-driven approach that allows developing country Parties to pursue the specific activities most appropriate to their unique national circumstances;

2. *Insists* that action related to adaptation follow an assessment and evaluation process, based on national communications and/or other relevant information, so as to prevent maladaptation and to ensure that adaptation actions are environmentally sound and will produce real benefits in support of sustainable development;

3. *Encourages* Parties not included in Annex I to the Convention (non-Annex I Parties) to provide information, including in their national communications, and/or any other relevant information sources, on their specific needs and concerns arising from the adverse effects of climate change;

4. *Stresses* the need for Parties included in Annex II to the Convention (Annex II Parties) to provide detailed information, including in their national communications, on support programmes to meet the specific needs and circumstances of developing country Parties arising from the adverse effects of climate change;

5. *Encourages* Parties to exchange information on their experience regarding the adverse effects of climate change and on measures to meet their needs arising from these adverse effects;

6. *Underlines* the importance of the ongoing work of the secretariat in compiling and disseminating information on methods and tools for evaluating impacts and adaptation strategies;

7. *Decides* that the implementation of the following activities shall be supported through the Global Environment Facility (in accordance with decision 6/CP.7) and other bilateral and multilateral sources:

- (a) Information and methodologies:
  - (i) Improving data collection and information gathering, as well as their analysis, interpretation and dissemination to end-users;
  - (ii) Integrating climate change considerations into sustainable development planning;
  - (iii) Providing training in specialized fields relevant to adaptation such as climate and hydroclimate studies, geographical information systems, environmental impact assessment, modelling, integrated coastal zone management, soil and water conservation and soil restoration;
  - (iv) Strengthening existing and, where needed, establishing national and regional systematic observation and monitoring networks (sea-level rise, climate and hydrological monitoring stations, fire hazards, land degradation, floods, cyclones and droughts);
  - (v) Strengthening existing and, where needed, establishing national and regional centres and institutions for the provision of research, training, education and scientific and technical support in specialized fields relevant to climate change, utilizing information technology as much as possible;
  - (vi) Strengthening existing and, where needed, establishing national and regional research programmes on climate variability and climate change, oriented towards improving knowledge of the climate system at the regional level, and creating national and regional scientific capability;
  - (vii) Supporting education and training in, and public awareness of, climate change related issues, for example through workshops and information dissemination;
- (b) Vulnerability and adaptation:
  - (i) Supporting enabling activities for vulnerability and adaptation assessment;
  - (ii) Enhancing technical training for integrated climate change impact and vulnerability and adaptation assessments

across all relevant sectors, and environmental management related to climate change;

(iii) Enhancing capacity, including institutional capacity, to integrate adaptation into sustainable development programmes;

(iv) Promoting the transfer of adaptation technologies;

(v) Establishing pilot or demonstration projects to show how adaptation planning and assessment can be practically translated into projects that will provide real benefits, and may be integrated into national policy and sustainable development planning, on the basis of information provided in the national communications from non-Annex I Parties and/or other relevant sources, and of the staged approach endorsed by the Conference of the Parties in its decision 11/CP.1;

(vi) Supporting capacity building, including institutional capacity, for preventive measures, planning, preparedness of disasters relating to climate change, including contingency planning, in particular, for droughts and floods in areas prone to extreme weather events;

(i) Strengthening existing and, where needed, establishing early warning systems for extreme weather events in an integrated and interdisciplinary manner to assist developing country Parties, in particular those most vulnerable to climate change;

8. *Decides* that the implementation of the following activities shall be supported through the special climate change fund (in accordance with decision 7/CP.7) and/or the adaptation fund (in accordance with decision 10/CP.7), and other bilateral and multilateral sources:

(a) Starting to implement adaptation activities promptly where sufficient information is available to warrant such activities, inter alia, in the areas of water resources management, land management, agriculture, health, infrastructure development, fragile ecosystems, including mountainous ecosystems, and integrated coastal zone management;

(b) Improving the monitoring of diseases and vectors affected by climate change, and related forecasting and early-warning systems, and in this context improving disease control and prevention;

(c) Supporting capacity building, including institutional capacity, for preventive measures, planning, preparedness and management of disasters relating to climate change, including contingency planning, in particular, for droughts and floods in areas prone to extreme weather events;

(d) Strengthening existing and, where needed, establishing national and regional centres and information networks for rapid response to extreme weather events, utilizing information technology as much as possible;

9. *Decides to consider*, at its eighth session, the implementation of insurance-related actions to meet the specific needs and concerns of developing country Parties arising from the adverse effects of climate change, based on the outcome of the workshops referred to in paragraphs 37 and 38 below;

10. *Requests* the Subsidiary Body for Scientific and Technological Advice and the Subsidiary Body for Implementation to review, at their subsequent sessions, the progress of the above-mentioned activities and make recommendations thereon to the Conference of the Parties at its eighth session;

## **II. IMPLEMENTATION OF ARTICLE 4, PARAGRAPH 9, OF THE CONVENTION**

11. *Decides* to establish a work programme for the implementation of Article 4, paragraph 9, of the Convention, which would include activities covered under paragraphs 15 to 19 below, as well as the following:

(a) Strengthening existing and, where needed, establishing, national climate change secretariats and/or focal points to enable the effective implementation of the Convention and the Kyoto Protocol, in the least developed country Parties;

(b) Providing training, on an ongoing basis, in negotiating skills and language, where needed, to develop the capacity of negotiators from the least developed countries to participate effectively in the climate change process;

(c) Supporting the preparation of national adaptation programmes of action;

12. *Decides* that a least developed countries fund shall be established (in accordance with decision 7/CP.7), to be operated by an entity entrusted with the operation of the financial mechanism,

under the guidance of the Conference of the Parties, to support the work programme for the least developed countries. This work programme shall include, inter alia, the preparation and implementation of national adaptation programmes of action;

13. *Invites* Annex II Parties to contribute financially to the programme mentioned in paragraph 11 above;

14. *Invites* Annex II Parties to support least developed country Parties for the following activities:

(a) Promotion of public awareness programmes to ensure the dissemination of information on climate change issues;

(b) Development and transfer of technology, particularly adaptation technology (in accordance with decision 4/CP.7);

(c) Strengthening of the capacity of meteorological and hydrological services to collect, analyse, interpret and disseminate weather and climate information to support implementation of national adaptation programmes of action;

15. *Decides* that support be provided for the development, by the least developed countries, of national adaptation programmes of action which will serve as a simplified and direct channel of communication of information relating to the vulnerabilities and adaptation needs of the least developed countries; the information contained in national adaptation programmes of action may constitute the first step in the preparation of initial national communications;

16. *Decides* to consider, at its current session, the establishment of a least developed country group of experts, including its terms of reference, taking into account geographical balance, as well as the above-mentioned consideration of the terms of reference of the Consultative Group of Experts;

17. *Decides* to assess, at its current session, the status of implementation of Article 4, paragraph 9, of the Convention and to consider further action thereon;

### **III. IMPACT OF THE IMPLEMENTATION OF RESPONSE MEASURES**

18. *Stresses that Parties should take action consistent with the provisions of the Convention;*

19. *Decides* that the implementation of the activities included in paragraphs 25 to 32 below shall be supported through the Global

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Environment Facility (in accordance with decision 6/CP.7), the special climate change fund (in accordance with decision 7/CP.7), and other bilateral and multilateral sources:

20. *Encourages* non-Annex I Parties to provide information, in their national communications and/or other relevant reports, on their specific needs and concerns arising from the impact of the implementation of response measures;

21. *Requests* Annex II Parties to provide detailed information, in their national communications and/or any other relevant reports, on their existing and planned support programmes to meet the specific needs and concerns of developing country Parties arising from the impact of the implementation of response measures;

22. *Encourages* Annex I and non-Annex I Parties to cooperate in creating favourable conditions for investment in sectors where such investment can contribute to economic diversification;

23. *Requests* Annex II Parties to assist developing countries, in particular those most vulnerable to the impact of the implementation of response measures, in meeting their capacity-building needs for the implementation of programmes which address these impacts;

24. *Urges* Parties to consider appropriate technological options in addressing the impact of response measures, consistent with national priorities and indigenous resources;

25. *Encourages* Parties to cooperate in the technological development of non-energy uses of fossil fuels, and requests Annex II Parties to support developing country Parties to this end;

26. *Encourages* Parties to cooperate in the development, diffusion and transfer of less greenhouse gas-emitting advanced fossil-fuel technologies, and/or technologies relating to fossil fuels, that capture and store greenhouse gases, and requests Annex II Parties to facilitate the participation of the least developed countries and other non-Annex I Parties in this effort;

27. *Urges* Annex II Parties to provide financial and technological support for strengthening the capacity of developing country Parties identified in Article 4, paragraphs 8 and 9, of the Convention for improving efficiency in upstream and downstream activities relating to fossil fuels, taking into consideration the need to improve the environmental efficiency of these activities;

28. *Encourages* Annex II Parties to promote investment in, and to support and cooperate with, developing country Parties in the



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development, production, distribution and transport of indigenous, less greenhouse gas-emitting, environmentally sound<sup>3</sup>, energy sources, including natural gas, according to the national circumstances of each of these Parties;

29. *Urges* Annex II Parties to provide support for research into, and the development and use of, renewable energy, including solar and wind energy, in developing country Parties;

30. *Decides* to consider, at its eighth session, the implementation of insurance-related actions to meet the specific needs and concerns of developing country Parties arising from the adverse effects of climate change, based on the outcome of the workshops referred to in paragraphs 37 and 38 below;

31. *Requests* the Subsidiary Body for Scientific and Technological Advice and the Subsidiary Body for Implementation to consider, at their subsequent sessions, the response by Parties to the actions listed in paragraphs 25 to 32 above;

#### **IV. FURTHER MULTILATERAL WORK RELATING TO ISSUES UNDER ARTICLE 4, PARAGRAPHS 8 AND 9 OF THE CONVENTION**

32. *Requests* the secretariat to organize regional workshops in order to facilitate information exchange and integrated assessments, including for adaptation;

33. *Requests* the secretariat to organize a workshop, before the eighth session of the Conference of the Parties, on the status of modelling activities to assess the adverse effects of climate change and the impact of response measures already implemented on individual developing country Parties, including on how to enhance the participation of developing country experts in such efforts, and to report the results of this workshop to the Conference of the Parties at its eighth session. The terms of reference of this workshop will include assessments on approaches to minimize the adverse effects of response measures on developing countries;

34. *Requests* the secretariat to organize a workshop, to be held immediately before the workshop referred to in paragraph 38 below, and before the eighth session of the Conference of the Parties, on insurance and risk assessment in the context of climate change and

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<sup>3</sup> Throughout this decision, the term "environmentally sound" means "environmentally safe and sound" (Source: Agenda 21, chapter 1).

extreme weather events, and to report the results of this workshop to the Conference of the Parties at its eighth session;

35. *Requests* the secretariat to organize a workshop, to be held immediately after the workshop referred to in paragraph 37 above, and before the eighth session of the Conference of the Parties, on insurance-related actions to address the specific needs and concerns of developing country Parties arising from the adverse effects of climate change and from the impact of the implementation of response measures, and to report the results of this workshop to the Conference of the Parties at its eighth session;

36. *Requests* the secretariat to organize a workshop, before the ninth session of the Conference of the Parties, on possible synergies and joint action with the other multilateral environmental conventions and agreements, such as the United Nations Convention to Combat Desertification, and to report the results of this workshop to the Conference of the Parties at its ninth session;

37. *Requests* the secretariat to organize a workshop, before the ninth session of the Conference of the Parties, on the needs and options of non-Annex I Parties for economic diversification, and on support programmes by Annex II Parties to address these needs, and to report the results of this workshop to the Conference of the Parties at its ninth session;

*8<sup>th</sup> plenary meeting  
10 November 2001*

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**Decision 10/CP.7***(FCCC/CP/2001/13/Add.1)***Funding under the Kyoto Protocol**

*The Conference of the Parties,*

*Recalling* Articles 10, 11 and 12, paragraph 8, of the Kyoto Protocol, *Recalling* also its decisions 11/CP.1 and 15/CP.1,

*Recalling further* its decision 5/CP.6, containing the Bonn Agreements on the implementation of the Buenos Aires Plan of Action,

*Recognizing* that funding should be made available to Parties not included in Annex I which is new and additional to contributions under the Convention,

*Recognizing also* that appropriate modalities for burden sharing need to be developed,<sup>1</sup>

*Welcoming* the statements made at the second part of the sixth session of the Conference of the Parties by most Parties included in Annex II<sup>1</sup> on their willingness to commit themselves to provide funding,

*Welcoming also* the joint political declaration made by the European Community and its member States, together with Canada, Iceland, New Zealand, Norway and Switzerland, on their preparedness to collectively contribute €450 million/US\$ 410 million annually by 2005, with this level to be reviewed in 2008,

1. *Decides* that an adaptation fund shall be established to finance concrete adaptation projects and programmes in developing country Parties that are Parties to the Protocol, as well as activities identified in paragraph 8 of decision 5/CP.7;

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<sup>1</sup> Joint political declaration by the European Community and its member States, together with Canada, Iceland, New Zealand, Norway and Switzerland, and a statement by Japan. For the text of the political declaration and the statement by Japan see document FCCC/CP/2001/MISC.4.

2. *Decides also* that the adaptation fund shall be financed from the share of proceeds on the clean development mechanism project activities and other sources of funding;
3. *Decides further* that Parties included in Annex I that intend to ratify the Kyoto Protocol are invited to provide funding, which will be additional to the share of proceeds on clean development mechanism project activities;
4. *Decides also* that the adaptation fund shall be operated and managed by an entity entrusted with the operation of the financial mechanism of the Convention, under the guidance of the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol, with guidance to be provided by the Conference of the Parties in the period prior to entry into force of the Kyoto Protocol;
5. *Invites* the entity referred to in paragraph 4 above to make the necessary arrangements for this purpose;
6. *Decides* that Parties included in Annex I that intend to ratify the Kyoto Protocol shall report on their financial contributions to the fund on an annual basis;
7. *Decides also* to review the reports referred to in paragraph 6 above on an annual basis, and that, upon entry into force of the Kyoto Protocol, such reports are to be reviewed by the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol.

*8<sup>th</sup> plenary meeting*  
*10 November 2001*

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