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Reflections of the Co-Chairs, Vice-Chairs, and Co-Facilitators on design issues

Introduction

This document is based on the work done in previous sessions, discussions held and submissions presented. It reflects areas that would be included in the final outcome of the TC and, to the extent possible, provides guidance on the content without prejudice to the specific language, placement or final format. It takes into account the work of the workstreams and the presentation of issues by the Co-facilitators made on the first day of TC 3.

It is expected that this document be complemented by the TC members, through further discussions and interactions, and serves to facilitate the preparation of the draft report that would be considered at TC 4.

Objectives

- Limitation and reduction of emissions of greenhouse gases;
- Reduction of vulnerability and building of resilience to climate change;
- Provision of substantial, new and additional and predictable financial resources for adaptation and mitigation in developing countries;
- Leveraging and mobilization of private sector, both at national and international level;
- Contribution to transformational change;
- Contribution to the ultimate objective of the UNFCCC; and
- Consistency with national development priorities.

Guiding Principles

- The relevant principles and provisions of the Convention, in particular the provisions of Article 4 and 11;
- Operating under the guidance of and accountability to the COP;
- Catalyze transformational changes;
- Mobilization of additional public and private resources for climate action in developing countries;
- Strong country ownership in identification, formulation and implementation of policies, programmes, projects and other activities;
- Streamlined, improved and direct access to funding by developing countries;
- Result-based approaches;
- Efficiency, effectiveness and equity in the management of resources;
- Governance with equal representation of developed and developing countries;
- Transparency, accountability and internationally accepted fiduciary standards;
- Continuous learning institution based on monitoring and evaluation;
- Participation of civil society and private sector;

DRAFT

- Application of environmental and social standards; and
- Realization of environmental and social co-benefits, including gender aspects.

Scope

- Emphasis on programmatic approach to funding;
- Range of activities in developing countries at national, sub-national and/or regional levels;
- Mobilizing and leveraging of private sector investment and other finance, especially the domestic private sector;
- Enabling enhanced action on mitigation, including REDD plus, adaptation, technology development and transfer, and capacity building;
- Balance between adaptation and mitigation;
- Priority for countries that are particularly vulnerable to adverse impacts of climate change, consistent with provisions and principles of Convention and the decision 1/CP.16.

Governance and Institutional Arrangements

Green Climate Fund Board

Composition

Guidance from decision 1/CP.16:

- The Board will have 24 members, comprising of an equal number of members from developing and developed country Parties;
- Each Board member will have an alternate member;
- Representation from developing countries will include representatives of relevant United Nations regional groupings and representatives from small island developing States and the least developed countries;

Selection of Board members

- Selected and nominated by their respective group/constituency;
- Recommend criteria for selection of the Board members to the COP for approval;

To be developed: Transitional arrangements

Term of membership

- Four years and a maximum of two consecutive terms.

Chairs

- Elected by the Board members for a period of one year;
- A member from a developed country Party and a member from a developing country Party.

Decision-making

- Consensus;
- Otherwise voting.

To be discussed: Voting procedures

DRAFT

Role and Functions

- Supervision, strategic direction and management of the Fund;
- Independence in decision-making with regard to funding projects and programmes;
- Oversight of components of the GCF;
- Approval of operational modalities, policies and guidelines;
- Approval of funding;
- Development of fiduciary standards and environmental and social safeguards;
- Development of criteria and application processes for accreditation of implementing entities;
- Accreditation of implementing entities;
- Establishment of sub-committees and panels, as appropriate;
- Establishment of framework for monitoring and evaluation and its operation;
- Review and approval of administrative budget;
- Performance reviews and audits;
- Reporting to the COP;
- Arrangements with other relevant bodies of the UNFCCC and other institutions;
- Other operational functions as appropriate.

Observers

- Arrangements for participation by accredited observers;
- Advisory committee of private sector actors.

Rules of Procedure

Further rules of procedures to be developed by the Board.

Secretariat

Establishment of Secretariat

- Independent from implementing entities and trustee
- Secretariat to service and be accountable to the Board;
- Selection/establishment of secretariat will be an open and transparent process endorsed by the COP;
- Any transitional arrangements for Secretariat to have agreed timeline;
- Head of the Secretariat to be appointed and accountable to the Board;
- Criteria for the selection of the Head of the Secretariat developed by the Board and approved by COP;
- Head of the Secretariat responsible for organization, appointment and dismissal, and oversight of Secretariat staff; and
- Secretariat staff to be selected on merit and transparent basis, including consideration of geographical balance.

To be discussed: Criteria and procedures for identification of the seat of the secretariat.

Functions

DRAFT

- Responsible for the day-to-day administrative operations of the Fund;
- Provision of legal, administrative support and financial expertise to the Board;
- Reporting information on the Fund's activities to the Board and the public;
- Monitoring and evaluation;
- Knowledge management;
- Liaising with Parties and implementing entities;
- Cooperation with international and multilateral institutions and agencies;
- Development of work programme and annual administrative budget;
- Operationalizing the project/programme cycle;
- Performing any other functions assigned by the Board.

Trustee

Role and functions of Trustee

Guidance from decision 1/CP.16:

- Administrative competence to manage the financial assets of the GCF, maintain appropriate financial records and prepare financial statements and other reports required by the Board of the GCF, in accordance with internationally accepted fiduciary standards;
- Administer the assets of the GCF only for the purpose of, and in accordance with, the relevant decisions of the GCF;
- Hold the assets of the GCF separate and apart from the assets of the trustee, but may commingle them for administrative and investment purposes with other assets maintained by the Trustee; and
- Establish and maintain separate records and accounts to identify the assets of the GCF.

Selection

Guidance from decision 1/CP.16:

- The World Bank as interim trustee for the GCF subject to a review three years after operationalization of the Fund;
- Board to recommend criteria for selection of permanent Trustee to the COP for approval.

Relationship with the Board

Guidance from decision 1/CP.16:

- Accountable to the Board of the GCF for the performance of its fiduciary responsibilities.

Relationship to the Conference of Parties

Guidance from decision 1/CP.16:

- Arrangements to be concluded between the COP and the GCF to ensure that the GCF is accountable to and functions under the guidance of the COP.

Other elements of broad convergence:

- Responsiveness of the GCF to guidance of the COP;

DRAFT

- No micro-management of the Board by the COP: Flexibility and efficacy of the Board to decide on operational policy matters and funding decisions;
- Criteria for selection of the Board members, Head of the Secretariat and permanent trustee.

Legal Status

- GCF to be endowed with legal status;
- Form of legal identity to be based on specific functions of the GCF.

To be discussed: Form of legal status of the GCF.

Participation/membership

- Parties to the UNFCCC

Financial Inputs

- GCF to accept financial inputs from government and non-government sources;
- GCF to use a multi-year replenishment process as well as being able to receive contributions at any time.

Financial Instruments

- GCF to provide grants, non-grant instruments, including concessional loans, guarantees and others;
- Results-based financing mechanisms, including payment for verified results.

Operational Modalities

Eligibility

- The GCF to use a range of approaches, emphasising programmatic approaches using national climate plans and strategies;
- The GCF to fund activities on adaptation, mitigation (including REDD plus), technology development and transfer, and capacity building;
- The Board to ensure a balance between adaptation and mitigation.

Funding Windows

- Thematic funding windows to guide inputs to the Fund– initially for adaptation and mitigation (including REDD plus);
- Resources for readiness, capacity building, technology development and transfer and activities for transformational change to be available and cut across all thematic funding windows;
- The Board to have the authority to add, remove, and define windows and substructures.

Access Modalities and Accreditation

- Recipient countries to be able to access the GCF via direct access and via multilateral and international entities;

DRAFT

- The Board to develop an accreditation process.

Note: The TC to define the types of national and international entities who can seek accreditation to access resources.

Allocation

- Board to ensure balance between adaptation and mitigation;
- A strong policy emphasis through allocation of dedicated resources, consistent with provisions and principles of Convention and the decision 1/CP.16.

Fiduciary Standards

- Internationally accepted fiduciary standards applied at the national, regional and local level to all operations, projects and programmes;
- Board to develop these fiduciary standards
- Supporting enhancement of capacity and competence in countries with difficulties in meeting the above standards.

Engagement of the Private Sector

- GCF to engage the private sector through a private sector facility;
- Advisory committee of private sector actors;
- Non-voting members of the Board.

Environmental and Social Safeguards

- Ensuring consistent application of best practices on environmental and social safeguards.

Monitoring and Evaluation

- Regular monitoring and evaluation of projects and programmes financed by the Fund in order to secure efficient and effective operations;
- An independent evaluation unit to carry out periodic evaluations to inform better decision-making by the Fund;
- Reports of the findings of the independent evaluation unit presented to the Board. Basis for informing the COP;
- Commissioning of independent evaluation of overall performance of the Fund , possibly by the COP;
- Development of a results measurement framework with appropriate performance indicators to support the implementation of the Fund and ensure the achievement of its goals and objectives;

Accountability Mechanism

- Ensuring a high level of transparency and establishment supported by an information disclosure policy;

DRAFT

- Establishment of a redress mechanism to receive complaints, at the appropriate level. To review the complaints, make recommendations and follow up .

Stakeholder Input and Participation

- Establishment a platform and/or mechanism for active participation of stakeholders in the operations of the GCF.