



NEGOTIATORS' INDEX

The Green Climate Fund

Key Elements



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The Green Climate Fund (GCF)

PREPARED FOR THE AFRICAN GROUP
OF NEGOTIATORS BY THE REGIONAL
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**REGIONAL
CLIMATE
CHANGE
PROGRAMME**

SOUTHERN AFRICA

The Regional Climate Change Programme Southern Africa (RCCP)

The RCCP aims to contribute to the achievement of southern Africa's climate change adaptation needs, socioeconomic development and poverty alleviation objectives, including the Millennium Development Goals.

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Acronyms

AOSIS	Association of Small Island States
AC	Adaptation Committee
CBD	Convention on Biological Diversity
CGE	Consultative Group of Experts
COP	Conference of Parties
DRR	Disaster Risk Reduction
EU	European Union
GCF	Green Climate Fund
GEF	Global Environment Facility
IPCC	Intergovernmental Panel on Climate Change
LDCs	Least Developed Countries
LEG	LDC Expert Group
NAP	National Adaptation Plans
NAPAs	National Adaptation Plans of Action
NWP	Nairobi Work Programme
SB	Subsidiary Bodies
SBI	Subsidiary Body for Implementation
SBSTA	Subsidiary Body for Scientific and Technological Advice
SIDS	Small Island Developing States
UN	United Nations
UNDP	UN Development Programme
UNEP	UN Environment Programme
UNFCCC	UN Framework Convention on Climate Change
UNISDR	UN International Strategy for Disaster Reduction

Icons


 Timeframe/deadline

 COP18

 Submissions, inputs, workshops

 Financial resources

 Governance

 Coherence/linkages

Background to the Green Climate Fund



Background to the Green Climate Fund

In December 2010, the Parties to the UN Framework Convention on Climate Change (UNFCCC) adopted a decision to establish a new multilateral operating entity of the Convention's Financial Mechanism. The Cancun decision to establish the Green Climate Fund (GCF) was the consolidation of a political commitment to increase the predictability, efficiency and address the adequacy of climate change finance under the Convention, first taken by heads of state and Government under the 2009 Copenhagen Accord. In order to design the GCF, Parties agreed to establish a Transitional Committee of 40 members and tasked them to make recommendations to the COP at its seventeenth session in 2011, with the aim of fully operationalising the GCF.

The Transitional Committee (TC) carried out the task of implementing the COPs mandate over a seven month period, with only four formal meetings. Supported in their task by a Technical Support Unit, made up of staff seconded by the multilateral development banks, TC members considered several options to ensure the GCF was designed to manage the international community's expectations that a significant share of new multilateral climate finance would be channelled through the GCF, particularly for adaptation purposes. The TC's work was further enriched from contributions made by civil society, the private sector, development finance institutions, as well as existing international climate finance institutions.

Following agreement on a detailed work programme at its second formal session in Tokyo, Japan, the TC prepare to collectively shape and facilitate the outcomes of their work, with the aim of adoption of the TC report containing the

instrument for the establishment of the GCF as an operating entity, as well as a set of COP decisions that would enable the full operationalisation of the GCF in Durban, South Africa.





An important element in this process was reaching agreement on: the GCF ‘business model;’ legal personality/capacity; role of the private sector; and the relationship between the GCF Board and the COP. The above set of ‘core issues’ were determined as being at the centre of agreement on the overall design package, and TC members felt that if they were resolved early on in the process, agreement on the remaining elements of the TC design mandate would be made simpler. Despite detailed discussions, supported by relevant documentation, the TC members held varied and divergent views on the above mentioned issues. Similarly, the TC remained divided on how much detail was needed now versus how much and what issues could be left to the GCF Board, once elected, to resolve.

The outcome for most developing countries, including the African members, is disappointing. However, the AGN continues to note the importance of the finance package, with the GCF at the center, as a core deliverable from Durban. Despite this initial setback, the African Group remains very committed to a strong outcome on finance, as this is the key to unlock progress on other key issues, including on mitigation by developing countries.

Elements of the Durban Decision on the Green Climate Fund



Elements of the Durban Decision on the Green Climate Fund

-  **Governing instrument:** The COP approved the governing instrument for the Green Climate Fund. The Governing instrument was annexed to this decision.
-  **Accountability arrangements:** The COP decided 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.
-  **COP guidance to the GCF board:** The COP decided 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.
- Urgency:** The COP requested the Board to operationalise the Fund in an expedited manner.
-  **National level authorisation:** The COP requested 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, 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.

Balance between mitigation and adaptation: The COP requested the Board to balance the allocation of the Green Climate Fund resources between adaptation and mitigation activities.



GCF replenishment: The COP stressed 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 operationalisation, and requested the Board to establish necessary policies and procedures, which will enable an early and adequate replenishment process.



GCF board member nominations: The COP invited 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.



Juridical personality and legal capacity: The COP decided 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.



GCF host country expressions of interest: The COP invited Parties to submit to the Board expressions of interest for hosting the Green Climate Fund by 15 April 2012, based on the following criteria:

1. The ability to confer and/or recognise 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 ability to contract, acquire and dispose of immovable and movable property, and institute legal proceedings;
2. 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;
3. Financial arrangements, administrative and logistical support to the Fund;
4. Any other information that the host country wishes to provide.

COP
18

GCF host country selection process: The COP requested the Board, following the receipt of expressions of interest, to conduct an open and transparent process for the selection of the host country, and 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.

GCF host country legal and administrative arrangements: The COP 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 expedited manner.

GCF independent secretariat: The COP requested 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.

Permanent trustee process: The COP invited 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 there is no discontinuity in trustee services.



GCF coherence with convention bodies: The COP requested 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.

GCF interim secretariat: The COP requested 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. The COP further decided that the interim secretariat arrangements should terminate no later than the nineteenth session of the Conference of the Parties.

Accountability of the GCF interim secretariat:

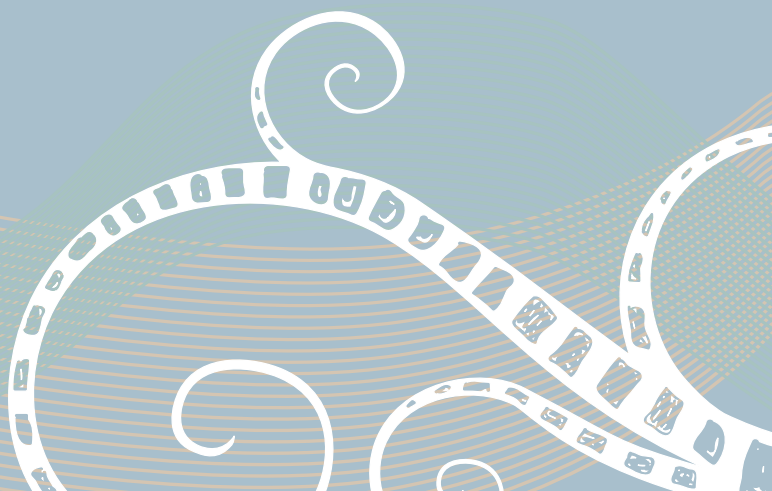
The COP decided that the interim secretariat shall be fully accountable to the Board and shall function under its guidance and authority, and that its head shall report to the Board. The COP also urged the Board to move promptly to appoint the head of the interim secretariat and decided that the criteria 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.



First GCF Board meeting: The COP requested the interim secretariat to make arrangements for convening the first Board meeting by 30 April 2012 and welcomed the offers of Switzerland and the Republic of Korea to host the first and second meetings of the Board respectively, and invites Parties to host subsequent meetings.

GCF start-up costs: The COP invited Parties to make financial contributions for the start-up of the Green Climate Fund, including administrative costs of the Board and its interim secretariat, and welcomed the generous offer of the Republic of Korea to contribute to the start-up cost of the Green Climate Fund.

Highlights of the work of the Transitional Committee



Highlights of the Work of the Transitional Committee

Transitional Committee Mandate

In its Decision, 1.CP/16, the Conference of the Parties agreed to establish the Green Climate Fund (GCF) as an Operating Entity of the Financial Mechanism of the UNFCCC. The COP further agreed that arrangements were to be concluded between the COP and the GCF “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.” In addition to the institutional linkage with the COP, the decision:

- outlined the scope and representation of the GCF Board;
- invited the World Bank to serve as the interim trustee and
- outlined the specific role and function of the trustee; and
- agreed that the GCF would be serviced by an independent secretariat.

In order for the GCF to be fully operationalised, the COP decided to establish a Transitional Committee comprising of 40 members, with 15 members from developed country Parties and 25 members from developing country Parties, to design the operational documents and present recommendations for adoption by the COP at its seventeenth Session in 2011. The COP also adopted indicative terms of reference to guide the TC’s work.

Meetings of the Transitional Committee

Since its establishment, the TC has held four formal meetings: TC 1 - Mexico City, Mexico (28-29 April 2011); TC 2 - Tokyo, Japan (13-14 July 2011); TC 3 - Geneva, Switzerland (11-13 September 2011); and TC 4 - Cape Town, South Africa (16-18 October 2011). In addition to its four formal meeting, the TC held three technical workshops, namely:

- Scope and focus of the 4 work streams - Königswinter, Germany (30 May to 1 June 2011); Lessons learned from relevant funds and institutions - Tokyo, Japan (12 July 2011); and
- Transformational change, engaging civil society and leveraging the private sector - Geneva, Switzerland (11 September 2011).

Summary of the TC process

TC-1

The Initial TC meeting was held in Mexico City, Mexico from 28-29 April 2011. The main outcomes of this meeting included:

- Election of three co-chairs: Minister Trevor Manuel (South Africa); Minister Ernesto Cordero Arroyo (Mexico) and State Secretary Kjetil Lund (Norway).
- Establishment of four work streams, based on the TC ToR, with co-facilitators from developed and developing countries:
 - Workstream 1: Scope, guiding principles, and cross-cutting issues (Spain/ Barbados)
 - Workstream 2: Governance and institutional arrangements (Switzerland/DRC)
 - Workstream 3: Operational modalities (Australia/Pakistan)
 - Workstream 4: Monitoring and evaluation (Sweden/Bangladesh)
- In accordance with paragraph 111 of Decision 1.CP/16, a technical support unit (TSU) was

established with seconded staff from 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 TC.

TC-2

The second TC Meeting was held in Tokyo, Japan from 13-14 July 2011. The meeting was preceded by a technical workshop on 'Lessons learned from relevant funds and institutions'. The main outcomes of this meeting included:

- Elected two Vice-Chairs : Ambassador Burhan Gafoor of Singapore and Mr. Ewen McDonald of Australia;
- Agreed on a workplan, with a clear timeline for the various products to be produced as well as clear indication of the programme of meetings (TC3 in Geneva, 11 to 13 September and TC4 in Cape Town, October 2011);
- Agreed on a TC team comprising of the co-chairs, the vice-chairs and co-facilitators (12 TC members); and
- Mandated the co-chairs to present a draft outline document at TC3 in Geneva.
- A group of 13 developing countries, including the following African TC members (Burkina Faso, DRC, Gabon, Egypt, Zambia, formally tabled a draft GCF governing instrument to guide the TC process.

TC-3

The third TC Meeting was held in Geneva, Switzerland from 11-13 September 2011. The meeting was preceded by a technical workshop on 'Transformational change, engaging civil society and leveraging the private sector'. The main outcomes of this meeting included:

- The first draft outline of a TC Report was presented.
- Following key issues were discussed:
 - Arrangements between the Fund and the COP; Independent Secretariat; Thematic Windows; Legal status of the GCF
- A “Reflections” document was produced highlighting the areas of convergence and divergence.
- A ‘Road Map’ was drawn up, listing actions and delivery dates:
 - Initial draft report of the TC to COP17 to be prepared by 23 September 2011;
 - Consultations on the draft between 23 September to 5 October 2011;
 - Circulation of draft report of the TC to COP17 by 7 October; and
 - Fourth meeting of the TC in Cape Town, South Africa, 16 to 18 October 2011.

TC-4

The fourth and final TC Meeting was held in Cape Town, South Africa from 16-18 October 2011. The main outcomes of this meeting included:

- The draft TC report was presented:
 - Summary of the mandate and the work undertaken, specifying how the Committee responded to its terms of reference
 - Recommendations to the COP 17
 - Draft governing instrument for the Green Climate Fund;
- TC members views were canvassed and strategic consultations held by the co-chairs and Vice-Chairs with regional groups and key members;
- Co-Chairs and Vice-Co Chairs tabled a consensus document for adoption by the TC; and
- TC Report was considered by the TC meeting in Cape Town and was submitted to COP17 for its consideration and approval in Durban.

Table 1:
TC Terms of reference and elements
of the GCF instrument

TC terms of reference	Governing instrument of the GCF
Paragraph 1(a): The legal and institutional arrangements for the establishment and operationalisation of the GCF	Section 2 (Governance and Institutional Arrangements)
Paragraph 1(b): The rules of procedure of the GCF Board and other governance issues related to the Board	Section 2 (Governance and Institutional Arrangements)
Paragraph 1(c): Methods to manage the large scale of financial resources from a number of sources and deliver through a variety of financial instruments, funding windows and access modalities, including direct access, with the objective of achieving a balanced allocation between adaptation and mitigation	Section 4 (Financial Inputs) Section 5 (Operational Modalities)
Paragraph 1(d): The financial instruments that the Fund can use to achieve its priorities	Section 6 (Financial Instruments)
Paragraph 1(e): Methods to enhance complementarity between the Fund's activities and those of other bilateral, regional and multilateral funding mechanisms and institutions	Section 5 (Operational Modalities)
Paragraph 1(f): The role of the Fund's secretariat and the procedure for selecting and/or establishing the secretariat	Section 2 (Governance and Institutional Arrangements)
Paragraph 1(g): A mechanism to ensure periodic independent evaluation of the Fund's performance	Section 7 (Monitoring) Section 8 (Evaluation)

Continued overleaf

TC terms of reference	Governing instrument of the GCF
<p>Paragraph 1(h): Mechanisms to ensure financial accountability and to evaluate the performance of activities supported by the Fund, in order to ensure the application of environmental and social safeguards as well as internationally accepted fiduciary standards and sound financial management of the Fund's activities</p>	<p>Section 9 (Fiduciary Standards) Section 10 (Environmental and Social Safeguards) Section 11 (Accountability Mechanisms)</p>
<p>Paragraph 1(i): Mechanisms to ensure the provision of appropriate expert and technical advice, including from relevant thematic bodies established under the Convention</p>	<p>Section 12 (Expert and technical advice)</p>
<p>Paragraph 1(j): Mechanisms to ensure stakeholder input and participation</p>	<p>Section 13 (Stakeholder Input and Participation)</p>

Elements of the Instrument of the Green Climate Fund



Elements of the Instrument of the Green Climate Fund

OBJECTIVES AND GUIDING PRINCIPLES

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. In addition 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;
- be guided by the principles and provisions of the Convention;
- operate in a transparent and accountable manner guided by efficiency and effectiveness;
- play a key role in channelling 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 level;
- * pursue a country-driven approach and promote and strengthen engagement at the country level through effective involvement of relevant institutions and stakeholders;
- be scalable and flexible and will be a continuously learning institution guided by processes for monitoring and evaluation; and
- 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.

GOVERNANCE AND INSTITUTIONAL ARRANGEMENTS

Relationship to the Conference of the Parties:

The GCF is 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).

Arrangements with the COP: 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:

1. Receive guidance from the COP, including on matters related to policies, programme priorities and eligibility criteria and matters related thereto;
2. Take appropriate action in response to the guidance received;
3. Submit annual reports to the COP for its consideration and receive further guidance.

Legal status: 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.

The GCF board- governance and decision making:

The Fund will be governed and supervised by a Board that will have full responsibility for funding decisions.

Board Composition: 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 the least developed countries (LDCs).

Alternate Board Members: 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.

Term of membership: Members and alternate members will serve for a term of three years and be eligible to serve additional terms as determined by their constituency.

Decision-making: 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. A two-thirds majority of Board members must be present at a meeting to constitute a quorum.

Observers: 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.

The GCF Board – role and functions: The GCF Board will:

1. Oversee the operation of all relevant components of the Fund;
2. Approve operational modalities, access modalities and funding structures;
3. Approve specific operational policies and guidelines, including for programming, project cycle, administration, and financial management;

4. Approve funding in line with the Fund's principles, criteria, modalities, policies and programmes;
5. Develop environmental and social safeguards and fiduciary principles and standards that are internationally accepted;
6. Develop criteria and application processes for the accreditation of implementing entities of the Fund and accredit implementing entities and withdraw such accreditation;
7. Establish subcommittees and panels and define their terms of reference, as appropriate;
8. Establish additional thematic windows and/or substructures to address specific activities, as appropriate;
9. 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;
10. Review and approve the administrative budget of the Fund and arrange for performance reviews and audits;
11. Appoint the Executive Director of the secretariat,
12. Appoint the head of the evaluation unit and the heads of all accountability units;
13. Receive guidance and take action in response to any guidance from the COP and prepare annual reports to the COP on its activities;
14. Develop working and coordination arrangements with other relevant bodies under the Convention and other relevant international institutions;
15. Select, appoint and enter into legal and administrative arrangements with the trustee;
16. Fund.
17. Exercise such other functions as may be appropriate to fulfil the objectives of the

GCF Secretariat: 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. 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.

Role of the Secretariat: 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:

1. Organize and execute all administrative duties;
2. Report information on the Fund's activities;
3. Liaise with members, implementing entities, and cooperating bilateral and
4. multilateral institutions and agencies;
5. Prepare performance reports on the implementation of activities under the Fund;
6. Develop the work programme and annual administrative budget of the secretariat and
7. trustee and submit them for approval by the Board;
8. Operationalise the project and programme cycle processes;
9. Prepare financial agreements related to the specific financing instrument to be
10. concluded with an implementing entity;
11. Monitor the financial risks of the outstanding portfolio;
12. Work with the trustee to support the Board to enable it to carry out its
13. responsibilities;
14. Carry out monitoring and evaluation functions;
15. Support the Board in arranging replenishment processes;
16. Establish and run effective knowledge management practices; and
17. Perform any other functions assigned by the Board.

Trustee: 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. 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.

Interim Trustee: The World Bank will serve as interim trustee for the Fund, subject to a review three years after the operationalization of the Fund. The trustee will be accountable to the Board for the performance of its responsibilities as trustee for the Fund.

FINANCIAL INPUTS

The Fund will receive financial inputs from developed country Parties to the Convention. The Fund may also receive financial inputs from a variety of other sources, public and private, including alternative sources.

Operational modalities: 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. 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.

Complementarity and coherence: 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. 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.

Eligibility: 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),¹ technology development and transfer (including carbon capture and storage), capacity-building and the preparation of national reports by developing countries.

Project-based and programmatic approaches: 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 actions (NAMAs), national adaptation plans of action (NAPAs), national adaptation plans (NAPs) and other related activities.

Funding windows and fund structure: 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. 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. 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.

Readiness and preparatory support: 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.

Private sector: 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. The operation of the facility will be consistent with a country-driven approach. 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. The Board will develop the necessary arrangements, including access modalities, to operationalize the facility.

Access modalities and accreditation: 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.

National Authorities: 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.

Direct Access: 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.

International access: 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.

Accreditation: 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.

Allocation: 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. A results-based approach will be an important criterion for allocating resources.

Adaptation: 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 Africa, using minimum allocation floors for these countries as appropriate. The Board will aim for appropriate geographical balance.

Programming and approval processes: 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.

FINANCIAL INSTRUMENTS

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. The Fund may employ results-based financing approaches, including, in particular for incentivizing mitigation actions, payment for verified results, where appropriate. 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.

MONITORING

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. 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.

EVALUATION

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.

Independent Evaluation Unit: 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. 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. The COP may commission an independent assessment of the overall performance of the Fund, including Board performance.

FIDUCIARY STANDARDS

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.

Support to Developing Countries: 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.

ENVIRONMENTAL AND SOCIAL SAFEGUARDS

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.

Support to Developing Countries: 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.

ACCOUNTABILITY MECHANISMS

The Fund's operations will be subject to an information disclosure policy that will be developed by the Board.

Independent integrity unit: 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.

Independent redress mechanism: 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.

EXPERT AND TECHNICAL ADVICE

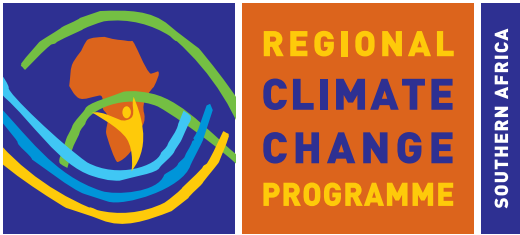
In carrying out its functions the Board will develop mechanisms to draw on appropriate expert and technical advice, including from the relevant thematic bodies established under the Convention, as appropriate.

STAKEHOLDER INPUT AND PARTICIPATION

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.

TERMINATION OF THE FUND

Termination of the Fund will be approved by the COP based on a recommendation of the Board.



The Regional Climate Change Programme Southern Africa (RCCP)

The RCCP aims to contribute to the achievement of southern Africa's climate change adaptation needs, socioeconomic development and poverty alleviation objectives, including the Millennium Development Goals.

By synthesising the relevant climate change science, developing strategic research and strengthening science-policy-governance-finance dialogue, the RCCP will build an evidence base for appropriate transboundary responses, strengthen the region's voice on international platforms and negotiations, and enhance its ability to equitably access the necessary finance for effective climate change adaptation.



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