

3.3. Policies for Resource Allocation

6th Board Meeting

Agenda item 11: Policies and procedures for the initial allocation of Fund resources

DECISION B.06/06

The Board, having reviewed document GCF/B.06/05 Policies and Procedures for the Initial Allocation of Fund Resources,

(a) Adopts the following initial parameters and guidelines for allocation of resources, during the initial phase of the Fund:

- (i) Decision to aim for a 50:50 balance between mitigation and adaptation over time;*
- (ii) Decision to aim for a floor of fifty per cent of the adaptation allocation for particularly vulnerable countries, including least developed countries (LDCs), small island developing States (SIDS) and African States;*
- (iii) Decision to manage access to resources with a view to seeking geographic balance and a reasonable and fair allocation across a broad range of countries, while maximizing the scale and transformational impact of the mitigation and adaptation activities of the Fund;*
- (iv) Decision to maximize engagement with the private sector, including through a significant allocation to the Private Sector Facility;*
- (v) Decision that sufficient resources should be provided for readiness and preparatory support;*
- (vi) Decision that all allocation parameters should be determined in grant equivalents;*

(b) Requests the Secretariat to report annually on the status of resources in respect of the allocation parameters;

(c) Decides to undertake a review of the initial allocation parameters and guidelines, including of concentration risks, subject to the size of the Fund, no later than two years from the start of allocation of resources.

5th Board Meeting

DECISION B.05/05

The Board, having reviewed document GCF/B.05/05 Business Model Framework: Allocation:

(a) Decides that the Fund will adopt a theme/activity-based approach to the allocation of resources in order to meet the Fund's objectives;

(b) Decides that the Board will keep the allocation system under review with the intention of improving it over time;

(c) Decides that the Fund will initially make allocations under adaptation, mitigation and the Private Sector Facility, and that there will be balance between adaptation and mitigation and the appropriate allocation of resources for other activities.

(d) Decides that, in relation to adaptation, resources will be allocated based on:

- (i) the ability of a proposed activity to demonstrate its potential to adapt to the impacts of climate change in the context of promoting sustainable development and a paradigm shift;*
- (ii) the urgent and immediate needs of vulnerable countries, in particular LDCs, SIDS and African States;*



- (e) Decides that, in relation to mitigation, resources will be allocated based on the ability of a proposed activity to demonstrate its potential to limit and reduce greenhouse gas emissions in the context of promoting a paradigm shift.*
- (f) Decides that, in relation to the Private Sector Facility, resources will be allocated based on the contribution a proposed activity makes towards promoting a paradigm shift and to:*
- (i) Directly and indirectly finance private sector mitigation to limit and reduce greenhouse gas emissions and adaptation to the impacts of climate change activities;*
 - (ii) Promoting the participation of private sector actors in developing countries, in particular local actors, including small and medium-sized enterprises and local financial intermediaries, and activities to enable private sector involvement in SIDS and LDCs;*
- (g) Requests the Secretariat to develop and present to the Board at its second meeting in 2014 a resource allocation system, based on this decision and taking into consideration the views expressed by the Board, that facilitates:*
- (i) Cross-cutting proposals;*
 - (ii) A results-based approach;*
 - (iii) A country-driven approach;*
 - (iv) A geographically balanced approach;*
 - (v) Private sector mitigation and adaptation activities at the national, regional and international levels;*
- (h) Further requests the Secretariat to develop and present an initial process for review and approval of proposals to the Board at its second meeting in 2014.*