The GCF and the Paris Agreement

Summary

In decision B.12/20, paragraph (i), the Board requested “the Secretariat to present, for consideration by the Board at its thirteenth meeting, a proposal on how the Fund could support the implementation of the Paris Agreement and related decisions of the Conference of the Parties”. This document is prepared in response to that request.
I. Introduction

1. The Board at its twelfth meeting welcomed the decision reached at the twenty-first session of the Conference of the Parties (COP) to the United Nations Framework Convention on Climate Change (UNFCCC) that the GCF, as an operating entity of the Financial Mechanism, will serve the Paris Agreement (decision B.12/20, para. (h)).

2. In decision B12/20, paragraph (i), the Board requested “the Secretariat to present, for consideration by the Board at its thirteenth meeting, a proposal on how the Fund could support the implementation of the Paris Agreement and related decisions of the Conference of the Parties”. This document is prepared in response to that request.

II. Linkage with other documents

3. This document should be read in conjunction with document GCF/B.13/05 titled “Adaptation planning processes”, which explores in detail how the GCF can support adaptation actions, proposing in particular how the GCF may wish to support the Cancun Adaptation Framework and relevant adaptation planning articles of the Paris Agreement.

4. Additionally, the strategic plan of the GCF is also a key input in the response of the GCF to the Paris Agreement. Endorsed at the twelfth meeting of the Board, the strategic plan helps to guide the Board in addressing policy gaps and programming at scale of the GCF resources of the Initial Resource Mobilization (IRM). The implementation of the strategic plan’s operational priorities and action plan will be guided by the Governing Instrument for the GCF as approved by the COP in UNFCCC decision 3/CP.17.

III. Serving the Paris Agreement

5. Pursuant to Article 9, paragraph 8, of the Paris Agreement, and UNFCCC decision 1.CP/21, paragraph 58, the GCF, as an operating entity of the Financial Mechanism, is to serve the Paris Agreement.

6. Consistent with paragraph 2 of the Governing Instrument, the objectives and guiding principles of the GCF are well oriented to serve the Paris Agreement by providing support to developing countries in shifting towards low-emission and climate-resilient development pathways 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.

7. Article 9, paragraph 9, of the Paris Agreement provides that the GCF, as an operating entity of the Financial Mechanism serving the agreement, “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 countries and small island developing States, in the context of their national climate strategies and plans”.

8. Additionally, paragraph 40, of the Governing Instrument institutes that “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 [...].” Additionally, the GCF can support the preparation of intended nationally determined contributions under Activity Area 2 of the Readiness and Preparatory Support Programme for those countries that request it. The Fund aims at fulfilling the COP guidance and supporting the Paris Agreement, while getting countries ready to receive GCF funding as ultimately sought by the Readiness Programme.
9. Table 1 contains items scheduled for Board consideration relating to the implementation of the Paris Agreement and related UNFCCC decisions.

<table>
<thead>
<tr>
<th>Category</th>
<th>Meeting</th>
<th>Item</th>
<th>Decision</th>
</tr>
</thead>
<tbody>
<tr>
<td>Limiting global temperature increase</td>
<td>B.14</td>
<td>Facilitating access to environmentally sound technologies</td>
<td>B.12/07, para. (b)</td>
</tr>
<tr>
<td></td>
<td>B.14</td>
<td>Operationalization of results-based payments for forestry-related activities</td>
<td>B.12/07, para. (d)</td>
</tr>
<tr>
<td></td>
<td>B.15</td>
<td>Alternative policy approaches, such as joint mitigation and adaptation approaches for the integral and sustainable management of forests</td>
<td>B.12/07, para. (e)</td>
</tr>
<tr>
<td></td>
<td>B.15</td>
<td>Mobilization of private-sector finance in order to progress the GCF forestry-related result areas</td>
<td>B.12/07, para. (f)</td>
</tr>
<tr>
<td>Adaptation and low emission development</td>
<td>B.13</td>
<td>Adaptation planning processes (supporting the Cancun Adaptation Framework and relevant adaptation planning articles of the Paris Agreement)</td>
<td>B.12/07, para. (c)</td>
</tr>
<tr>
<td>Finance – resource mobilization</td>
<td>B.14</td>
<td>First formal replenishment process of the GCF</td>
<td>B.12/09, para. (a)</td>
</tr>
<tr>
<td></td>
<td>B.14</td>
<td>Policies and procedures for contributions from philanthropic foundations and other non-public and alternative sources</td>
<td>B.11/05, para. (d)</td>
</tr>
<tr>
<td>Finance – facilitating access to resources</td>
<td>B.13</td>
<td>Simplified processes for the approval of proposals for certain activities, in particular small-scale activities</td>
<td>B.12/10, para. (a)</td>
</tr>
<tr>
<td></td>
<td>B.13</td>
<td>Simplification of the process to access the Readiness and Preparatory Support programme</td>
<td>B.12/32, para. (e)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Further development of the initial approvals process</td>
<td>2016 work plan</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Indicative minimum benchmarks</td>
<td>2016 work plan</td>
</tr>
</tbody>
</table>

3.1 Financing for climate actions

3.1.1 Mobilization of resources

The IRM and replenishment processes of the GCF, through which Party contributions are channelled, can significantly contribute to the objective of the Paris Agreement by playing a key role in channelling new, additional, adequate and predictable financial resources to developing countries. This in turn, will catalyse public and private climate finance at the international and national levels and consistent with a pathway towards low emission and climate-resilient development, as articulated in Article 9 of the Paris Agreement. The IRM and replenishment process can also be instrumental in the arrangements established by the Paris Agreement for reporting on action and support for climate change activities by Parties.

Furthermore, the GCF is well placed to play a catalytic role in leveraging further financing by driving investment towards climate change activities from other financial institutions, the private sector, national governments and other players, using the financing channelled through it.
3.1.2 Facilitating access to finance

11. ‘Enhancing accessibility and predictability’ is a key strategic measure that the Board intends to promote, with the strategic plan noting that GCF resources should be made accessible at reasonable upfront cost and acceptable risk. In this regard, the strategic plan outlines the intention of the GCF to enhance predictability through more transparent planning of its resources; to signal more clearly the kinds of projects and programmes it is seeking to finance; to simplify its processes and templates particularly for micro-scale activities on the least developed countries and small island developing States; and to revise and simplify, as appropriate, the proposal approval process and procedures.

12. The Board is already set to consider at its thirteenth meeting simplified processes for the approval of proposals for certain activities, in particular small-scale activities; and the simplification of the process to access the Readiness and Preparatory Support Programme, in line with Article 9, paragraph 9, of the Paris Agreement. Also scheduled for consideration in 2016, with the aiming of enhancing accessibility and predictability, are the following activities:

(a) Approvals process review;
(b) Further development of the initial approvals process; and
(c) Indicative minimum benchmarks.

13. Furthermore, following the Board’s mandate in decision B.11/11, paragraph (o), the process to simplify the funding proposal template is ongoing.

14. Issuance of requests for proposals for three pilots on (a) funding micro-, small- and medium-sized enterprise activities that are climate sensitive, (b) mobilizing funding at scale; and (c) enhancing direct access to the GCF, established by the Board through decisions B.10/04 and B.10/11, will further facilitate access to GCF resources and climate finance.

3.2 Other relevant elements of the Paris Agreement

15. In line with the objectives and guiding principles of the Governing Instrument, countries could identify priorities associated with implementing the Paris Agreement, as part of a GCF-funded project or programme. Additionally, the operationalization of the Paris Agreement has only recently begun, and the GCF will continue to receive guidance from the COP and the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement (CMA) in order to serve the Agreement.

IV. Items that may require Board consideration in the future

16. The Paris Agreement establishes a number of thematic areas where decisions on institutional frameworks and modalities are to be defined. It may be worth noting that the Board may need to consider how the GCF can support these items once such decisions are adopted by the COP and the CMA.

V. Possible action by the Board

17. The Board has already commissioned work that will further enhance GCF support for the implementation of the Paris Agreement and related UNFCCC decisions. Table 1 summarizes items scheduled for consideration by the Board in 2016 in this regard.

18. The Board may wish to consider and adopt the draft decision as proposed in the annex.
Annex: Draft Decision of the Board

The Board, having reviewed document GCF/B.13/06 titled “The GCF and the Paris Agreement”;

(a) **Agrees** that current GCF modalities enable support for nationally determined contributions, and urges national designated authorities/focal points and national accredited entities to consider how their national climate priorities can be submitted as concrete proposals, including under the Project Preparation Facility;

(b) **Requests** the Secretariat to compile GCF country and accredited entity programmes in accordance with decision B.07/03, Annex VII and the strategic plan, and to present them to the Board at its fifteenth meeting;

(c) **Decides** to take into consideration lessons learned, emerging priorities and recommendations emerging from global stocktakes in the work of the GCF, in line with guidance received from the Conference of the Parties to the United Nations Convention on Climate Change;

(d) **Also decides** to update the core operational priorities of the GCF as defined in the Strategic Plan and Secretariat work programmes, taking into account evolving priorities, including guidance from the Conference of the Parties to the United Nations Convention on Climate Change and relevant reports from the independent Evaluation Unit;

(e) **Agrees** to consider in its future work, how to support actions related to the implementation of the Paris Agreement in line with the business model of the GCF, its strategic impact areas, and guidance from the Conference of the Parties to the United Nations Convention on Climate Change; and

(f) **Notes** that elements of the Paris Agreement that are to be further defined may require later consideration by the Board, in line with guidance received from the Conference of the Parties to the United Nations Convention on Climate Change and/or the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement.