

Green Climate Fund

Draft Arrangements between
the Conference of the Parties
to the UNFCCC and the Green
Climate Fund – Addendum

GCF/B.05/17/Add.01

7 October 2013

Meeting of the Board

8-10 October 2013

Paris, France

Agenda item 10

Draft arrangements between the Conference of the Parties to the UNFCCC and the Green Climate Fund – Addendum

The Co-Chairs of the Standing Committee on Finance (SCF) transmitted draft arrangements between the Conference of the Parties (COP) to the United Nations Framework Convention on Climate Change (UNFCCC) and the Green Climate Fund on 17 September 2013, as presented in document GCF/B.05/17. The Co-Chairs of the SCF transmitted a corrected version of these draft arrangements on 2 October 2013, as presented in Annex I hereto. Annex II to this document further contains the corresponding cover letter by the Co-Chairs of the SCF.

Annex I: Draft arrangements between the Conference of the Parties to the United Nations Framework Convention on Climate Change and the Green Climate Fund

I. 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:

II. 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.

III. 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.

IV. 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.

V. 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.

VI. 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.

VII. 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.

VIII. 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.

IX. 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.

X. 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.

Annex II: Letter by the Co-Chairs of the Standing Committee on Finance

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Co-Chair
Green Climate Fund Board
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Mr. Ewen McDonald
Co-Chair
Green Climate Fund Board
Deputy Director General
Humanitarian and International Group
Australian Agency for International Development
Canberra, Australia

Communication of outcomes of discussions during the fifth meeting of the Standing Committee on Finance on the development of the arrangements between the Conference of the Parties and the Green Climate Fund pursuant to decision 7/CP.18 of the Conference of the Parties

Dear Mr. Fakir,
Dear Mr. McDonald,

Following on our letter dated 17 September 2013, containing the draft arrangements between the Conference of the Parties (COP) and the Green Climate Fund (GCF), we regrettably have to inform you that the version sent to you in the last communication contained editorial errors. Please accept our apologies for this and find attached the correct version of the draft arrangements. We would be grateful if you could please bring the correct version of the draft arrangements to the attention of the GCF Board.

Again, please accept our apologies. We look forward to your formal response.

Yours sincerely,

Diann Christine Black Layne
Co-Chair of the Standing Committee on Finance

Stefan Schwager
Co-Chair of the Standing Committee on Finance
