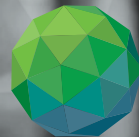


3-MINUTE BRIEF

ON THE GREEN CLIMATE FUND FOR

NEGOTIATORS



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FUND

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Photos by: Siri Stafford, Xi Xin Xing, Fuse, Photodisc, and NASA.

3-minute brief

on the Green Climate Fund for climate change negotiators

As the international community gears up for the 21st Conference of the UNFCCC Parties in Paris in December 2015, aiming to adopt a universal climate agreement to reduce global emissions of greenhouse gases on our home planet, there is increasing discussion about how the necessary investments in mitigation and adaptation might be financed, particularly in developing countries. This brief presents the main features of the Green Climate Fund (GCF) that the Parties to the Convention have established by consensus. GCF is mandated to play a central role in mobilizing and channeling the financial resources required to enable a paradigm shift towards low-emission and climate-resilient pathways in developing countries.



SIGNAL TRUST

The Green Climate Fund is a main financial entity of UNFCCC

The Green Climate Fund is a main operating entity under the financial mechanism of the United Nations Framework Convention on Climate Change (UNFCCC). It was given the mandate to make ‘an ambitious contribution to the global efforts towards attaining the goals set by the international community to combat climate change’¹. The Conference of the Parties to the UNFCCC established GCF to make a significant shift towards low emission and climate resilient development pathways in developing countries and help achieve the goal of keeping a global temperature rise under 2 degrees Celsius.

GCF is the only stand-alone multilateral financing entity whose sole mandate is to serve the Convention and which aims to deliver equal amounts of funding to adaptation and mitigation. GCF’s key features include its:

1. **Balanced governance structure** that ensures consensus-based decisions between 12 developing and 12 developed countries;
2. **Ability to engage directly with both the public and private sector** in transformational climate-sensitive investments;
3. **Target at least 50 percent of its adaptation funding** to the most vulnerable countries, including SIDS, LDCs and African States.
4. **Capacity to bear significant climate-related risk**, allowing it to leverage and crowd-in additional financing;
5. **Wide range of financial products**, enabling it to match project needs;
6. **Singular mandate** to serve the implementation of the goals set by the international community to address climate change.

The Green Climate Fund offers a **full toolkit of financial instruments** to deliver on its mandate, including concessional senior and subordinated loans, equity, guarantees and grants, where needed. These financial tools allow the Fund to tailor its financial support to the project needs of public, private and non-governmental entities. This is particularly useful for those developing countries in which climate action requires the full flexibility of financial instruments and counterpart risk-taking, beyond fiscally-constrained central governments.

¹Governing Instrument for the Green Climate Fund, Annex to COP decision 3/CP.17.



GCF is open for business: first countries receive readiness funding

READINESS SUPPORT – More than 120 developing countries have established their national designated authority (NDA) or focal point for GCF. They are chosen by Governments to act as the core interface between a developing country and the Fund. NDAs provide broad strategic oversight of GCF's activities in a country and serve as point of communication with the Fund.

The Fund's allocation framework provides for adequate levels of readiness funding to developing countries on an ongoing basis. This stream of funding is designed and implemented based on the choices made by the NDA. **GCF's first grant agreement for readiness was signed** with Mali in April. Close to 60 readiness proposals and related grant agreements are currently being progressed by the Fund. At least 50 percent of the readiness funding will be delivered to particularly vulnerable countries, including small-island developing States (SIDS), least developed countries (LDCs) and African States.

GCF ACCREDITATION – The Fund has a unique feature whereby its financing is deployed through a **network of well-established institutions**. Such entities may be international, regional, national or subnational; public, private or non-governmental. Countries may access the Fund through multiple entities simultaneously. This network of entities, which is growing fast, includes already **more than 50 applicants which operate in more than 100 developing countries**. Applications for accreditation continue on an ongoing basis through the Fund's online accreditation system.

FUNDING PROPOSALS – The Fund finances low-emission and climate-resilient projects and programmes developed by the public and private sector that contribute towards achieving at least one of its eight thematic areas. It aims to balance its allocation between adaptation and mitigation over time, and will allocate significant resources to the private sector.

The Fund has already started receiving and giving feedback about voluntary concept notes / project ideas. Accredited entities and NDAs can submit funding proposals to GCF at any time, using the funding proposal template available on the Fund's website. Among other, the funding proposal must articulate how the investment will fulfill the six investment criteria of the Green Climate Fund. To ensure-country ownership, the Fund's Board will only consider funding proposals that are supported by a letter of no-objection from the NDA.





INVEST

GCF mobilizes resources on an ongoing basis

The Green Climate Fund has **received US\$ 10 billion equivalent in pledges in 2014**. A total of 33 governments have made a pledge to the Fund to date, including 8 representing developing countries. The objective is for all pledges to be converted into contribution agreements within one year, so by COP21 all 2014 pledges should be signed into contributions.

The pledges received to date are just the beginning of GCF resource mobilization, and it is essential that new and additional resources continue to be pledged to the Fund. GCF's initial resource mobilization period is 2015-2018, and the Fund accepts new pledges on an ongoing basis. **Scale is essential for GCF to**

deliver on its ambitious mandate — this can include resources from public sources as well as from private, philanthropic and potential alternative sources.

GCF formally reached effectiveness in May 2015 by signing more than US\$ 5 billion equivalent (50% of pledges) into contributions that will be paid over the period of 2015-2018. This means the Fund **can begin to allocate resources to projects in developing countries**, and the Fund's Board will consider some initial projects later this year, ahead of the 21st Conference of the Parties.



The Green Climate Fund at the service of the 2015 Paris Climate Agreement

The Green Climate Fund can serve a successful adoption and implementation of the potential climate agreement. The Paris Agreement – as the repository of the international goals, currently under negotiation – is an opportunity for governments to build on their efforts to establish GCF as a main financial entity that will serve Parties in achieving effective delivery of multilateral climate action. **A strong financial entity under UNFCCC that grows over time** is critical to ensure coherence and proper tracking of climate flows. It will help establish a rational and predictable climate finance infrastructure for developing countries to shift economies towards low-emission and climate-resilient development pathways.



ADVOCATE

The Green Climate Fund is a key indicator for new climate finance resources — making them visible and possible to track

The forthcoming 21st Conference of the Parties to the UNFCCC provides an opportunity to agree on new and additional climate finance. The level of new climate finance that should be channeled through GCF over time is to be commensurate to the level of ambition required to address mitigation and adaptation in the long run. The Green Climate Fund can serve as a key indicator that will make climate-dedicated financial commitments visible and possible to track in the Paris Agreement. The Fund establishes a transparent reporting system for new and additional climate finance that is needed to build confidence among Parties.

ASPIRE

“I hope that the Green Climate Fund begins disbursing resources as soon as possible as a means to build trust and confidence before [the] Paris meeting.”

– **Ban Ki-moon, UN Secretary-General**
Seoul, Republic of Korea, May 2015

“Without any financial commitment, there won’t be an agreement in Paris.”

– **François Hollande, President of the Republic of France**
Berlin, Germany, May 2015

“The Green Climate Fund needs to be made fully operational. If resources are actually transferred as incentive to countries which reduce their GHG emission, it will have a multiplier effect.”

– **Tsahiagiin Elbegdorj, President of Mongolia**
United Nations Headquarters, New York City, USA, September 2014

“The truth is that if we do not succeed in tackling climate change, it will be extremely hard to eradicate extreme poverty, ensure food security, foster a world free from violence or deliver on any other development ambitions that we, as an international community, have set forth. The Green Climate Fund is about creating hope that the world will not be one of such insecurity. Sweden sees the GCF as pivotal in furthering momentum to tackle climate change—by strengthening mutual confidence among all parties involved, rich countries and poor, and catalysing new capital for effective finance for climate action in developing countries.”

– **Isabella Lövin, Swedish Minister for International Development Cooperation**
Berlin, November 2014

“Maintaining a stable climate system on our home planet will only be possible through unprecedented cooperation between developed and developing countries, supported by the Green Climate Fund.”

– **Héla Cheikhrouhou, Green Climate Fund Executive Director**
Washington DC, USA, April 2015



“The Green Climate Fund is a main financial entity under the UNFCCC. It can serve the implementation of the goals set by the international community in the 2015 Paris Agreement. In order to channel predictable and increasing amounts of new climate finance to developing countries, GCF could be replenished and mobilize resources over time at a level commensurate to adaptation and mitigation actions that require support.”



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