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**Conference of the Parties**

**Eighteenth session**

**Doha, 26 November to 7 December 2012**

Agenda item 11(c)

**Matters relating to finance**

**Report of the Green Climate Fund to the Conference of the Parties and guidance to the Green Climate Fund**

**Report of the Green Climate Fund to the Conference of the Parties and guidance to the Green Climate Fund**

**Proposal by the President**

**Draft decision -/CP.18**

**Report of the Green Climate Fund to the Conference of the Parties and guidance to the Green Climate Fund**

*The Conference of the Parties,*

*Recalling* Article 11 of the Convention,

*Also recalling* decision 1/CP.16, paragraph 102, and decision 3/CP.17, paragraphs 2–6, 12 and 13,

*Reaffirming* that a significant share of new multilateral funding for adaptation should flow through the Green Climate Fund,

*Reiterating* the request to the Board of the Green Climate Fund to balance the allocation of the Green Climate Fund resources between adaptation and mitigation activities,

*Taking into account* the initial guidance to the operating entities of the financial mechanism of the Convention contained in decision 11/CP.1,

*Taking note* of the ongoing efforts to operationalize the Green Climate Fund,

*Welcoming* the nomination of the Board of the Green Climate Fund,

*Emphasizing* the important role of the Green Climate Fund in the climate finance architecture,

*Noting with appreciation* the progress of the Board of the Green Climate Fund in operationalizing the Green Climate Fund, the prompt set-up of the interim secretariat of the Fund by the UNFCCC and Global Environment Facility and the establishment of the Financial Intermediary Fund for the Green Climate Fund by the World Bank serving as interim trustee of the Fund,

1. *Takes note with appreciation* of the first annual report of the Board of the Green Climate Fund to the Conference of the Parties;<sup>1</sup>
2. *Expresses* its gratitude to Germany, Mexico, Namibia, Poland, Republic of Korea and Switzerland for submitting their offers to host the Green Climate Fund;
3. *Welcomes and endorses* the consensus decision of the Board of the Green Climate Fund to select Songdo, Incheon, Republic of Korea as the host of the Green Climate Fund, on the basis of an open and transparent process;
4. *Requests* the Board of the Green Climate Fund and the Republic of Korea to conclude, in accordance with decision 3/CP.17, annex, paragraphs 7 and 8, the legal and administrative arrangements for hosting the Green Climate Fund, and to ensure that juridical personality and legal capacity are conferred to the Green Climate Fund, and the necessary privileges and immunities are granted to the Green Climate Fund and its officials in an expedited manner;
5. *Notes* the progress made by the Board of the Green Climate Fund and calls on the Board to ensure that the Green Climate Fund expeditiously implements its workplan and develops the policies, eligibility criteria and programmes of the Green Climate Fund, taking into account the guidance of the Conference of the Parties with a view to making the Green Climate Fund operational as soon as possible;
6. *Decides* to provide initial guidance to the Green Climate Fund at its nineteenth session;
7. *Requests* the Board of the Green Climate Fund, in its report to the Conference of the Parties at its nineteenth session, to report on the implementation of decision 3/CP.17 in which inter alia requested the Board:

(a) To develop a transparent no-objection procedure to be conducted through national designated authorities referred to in paragraph 46 of the governing instrument,<sup>2</sup> 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, and to determine this procedure prior to approval of funding proposals by the Fund;

(b) To balance the allocation of the resources of the Green Climate Fund between adaptation and mitigation activities;

(c) To secure funding for the Green Climate Fund, taking into account paragraphs 29 and 30 of the governing instrument, to facilitate its expeditious operationalization, and to establish the necessary policies and procedures to enable an early and adequate replenishment process;

(d) 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;

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<sup>1</sup> FCCC/CP/2012/5.

<sup>2</sup> Decision 3/CP.17, annex.

- (e) To select the trustee of the Green Climate Fund through an open, transparent and competitive bidding process in a timely manner to ensure that there is no discontinuity in trustee services;
- (f) 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;
8. *Looks forward* to the appointment of the Executive Director of the Green Climate Fund in accordance with decision 3/CP.17.
9. *Reaffirms* its decision that the interim arrangements<sup>3</sup> should terminate no later than the nineteenth session of the Conference of the Parties.
10. *Requests* the Board of the Green Climate Fund to continue to include in its report to the Conference of the Parties the specific steps that it has undertaken to implement the request contained in paragraphs 5 and 7 above, as well as information on the status of financial contributions for the administrative budget of the Green Climate Fund, including the administrative costs of the Board of the Green Climate Fund and its interim secretariat;
11. *Expresses its appreciation* for the cumulative contributions of USD 4.298 million as at 4 December 2012 from the Governments of Australia, Finland, Netherlands, Republic of Korea and Sweden for the administrative budget of the Green Climate Fund to the Green Climate Fund Trust Fund established by the interim trustee of the Fund;
12. *Also expresses its appreciation* to the Governments of Denmark, Germany, Norway, Spain, Switzerland and United States of America for approving the total amount of approximately USD 1.32 million carried over from contributions made to the Transitional Committee for further use in 2012 by the interim secretariat of the Green Climate Fund;
13. *Welcomes* the cumulative pledges of USD 4.554 million for the administrative budget of the Green Climate Fund made by the Governments of Denmark, France, Germany, Japan, Norway and the United Kingdom of Great Britain and Northern Ireland as at 29 November 2012 and expects their early fulfilment;
14. *Requests* the Board of the Green Climate Fund to expeditiously implement its 2013 workplan, with a view to making the Green Climate Fund operational as soon as possible, which will enable an early and adequate replenishment process;
15. *Requests* the Board of the Green Climate Fund to make available its annual reports to the Conference of the Parties as early as possible, and no later than 12 weeks prior to a session of the Conference of the Parties, for consideration by Parties;
16. *Invites* Parties to submit to the secretariat annually, and no later than 10 weeks prior to the subsequent session of the Conference of the Parties, their views and recommendations in writing on the elements to be taken into account in developing guidance to the operating entities of the financial mechanism of the Convention;
17. *Requests* the secretariat to compile the submissions referred to in paragraph 16 above into a miscellaneous document for consideration by Parties in developing guidance to the operating entities of the financial mechanism of the Convention.

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<sup>3</sup> Decision 3/CP.17 paragraph 19.