

Chapter I

Enhanced action on the provision of financial resources and investment

Agrees that

22. The financial mechanism under Article 11 of the Convention shall be further operationalized to ensure full and effective implementation of the Convention, in particular commitments contained in Article 4, paragraphs 3, 4, 5, 8 and 9, and in the context of Article 4, paragraph 7.

D. Enhanced action on the provision of financial resources and investment

Agrees that

51. Developed country Parties shall report [annually] [biennially] [through national communications] information on the finance, technology transfer and capacity building support provided for actions undertaken by developing countries. The support shall be verified through a system based on existing in-depth review of national communications from Annex I Parties in accordance with the guidelines to be developed by the Conference of Parties.

Decides that

52. Enhanced action on the provision of financial resources and investments shall be implemented pursuant to the provisions presented in chapter III.

III. Enhanced action on the provision of financial resources and investment

Agrees that

1. The financial mechanism under Article 11 of the Convention shall be further operationalized to ensure full and effective implementation of the Convention, in particular the commitments contained in Article 4, paragraphs 3, 4, 5, 8 and 9, and in the context of Article 4, paragraph 7.

23. Scaled up, new and additional, predictable and adequate funding as well as improved access shall be provided to developing country Parties, in accordance with the relevant provisions of the Convention, to enable and support enhanced action on mitigation, including substantial finance to REDD-plus, adaptation, technology development and transfer and capacity-building, for enhanced implementation of the Convention. In the context of meaningful mitigation actions and transparency on implementation, developed countries commit to a goal of mobilizing jointly USD 100 billion dollars a year by 2020 to address the needs of developing countries. This funding will come from a wide variety of sources, public and private, bilateral and multilateral, including alternative sources of finance.

24. The main source of funding through the financial mechanism shall be new and additional financial resources provided by developed country Parties.

25. Private-sector financing and other innovative sources of funding shall supplement the provision of public financial resources.

26. [Developed country Parties][All Parties, except least developed countries,] shall, beginning in 2013, provide resources based on an [assessed][indicative] scale of contributions to be adopted by the Conference of the Parties.

Takes note of

31. The collective commitment by developed countries to provide new and additional resources, including forestry and investments through international institutions, approaching USD 30 billion for the period 2010–2012 with balanced allocation between adaptation and mitigation. Funding for adaptation will be prioritized for the most vulnerable developing countries, such as the least developed countries, small island developing States and Africa.

2. Scaled up, new and additional, predictable and adequate funding as well as improved access shall be provided to developing country Parties, in accordance with the relevant provisions of the Convention, to enable and support enhanced action on mitigation, including substantial finance to REDD-plus, adaptation, technology development and transfer and capacity-building, for enhanced implementation of the Convention. In the context of meaningful mitigation actions and transparency on implementation, developed countries commit to a goal of mobilizing jointly USD 100 billion dollars a year by 2020 to address the needs of developing countries. This funding will come from a wide variety of sources, public and private, bilateral and multilateral, including alternative sources of finance.

3. The main source of funding through the financial mechanism shall be new and additional financial resources provided by developed country Parties. Private-sector financing and other innovative sources of funding shall supplement the provision of public financial resources.

6. [Developed country Parties] [All Parties, except least developed countries,] shall, beginning in 2013, provide resources based on an [assessed] [indicative] scale of contributions to be adopted and periodically updated by the Conference of the Parties.

Takes note of

5. The collective commitment by developed countries to provide new and additional resources, including in forestry and investments through international institutions, approaching USD 30 billion for the period 2010.2012 with balanced allocation between adaptation and mitigation. Funding for adaptation will be prioritized for the most vulnerable developing countries, such as the least developed countries, small island developing States and Africa.

Option 1:

A high-level panel will be established under the guidance of and accountable to the Conference of the Parties to study the contribution of the potential sources of revenue, including alternative sources of finance, towards meeting this goal.

Option 2:

The Conference of the Parties shall adopt provisions and arrangements for how international auctioning and cap-and-trade systems could be an international source of funding for climate change actions in developing countries.

For mitigation purposes the funds shall develop different incentive mechanisms to encourage ambitious actions in all developing countries according to their own priorities and circumstances; funding should primarily be delivered through results-based mechanisms.

28. Developed country Parties shall provide adequate, predictable and sustainable financial resources, technology and capacity-building to support the implementation of adaptation action in developing country Parties.

30. Developed country Parties shall provide new and additional financial resources, technology and [institutional] capacity-building support for nationally appropriate mitigation actions on [the basis of agreed full incremental costs][an as needed basis], in accordance with Article 4, paragraphs 3, 5 and 7 [, and Article 11, paragraph 5], of the Convention.

Decides that

32. The Conference of the Parties shall adopt provisions, based on existing and any further guidelines, to measure, report and verify the [support][financing] provided by developed countries for enhanced action by developing country Parties, and will ensure that accounting of finance is rigorous, robust and transparent.

Decides that

7. The Conference of the Parties shall adopt provisions and arrangements for how international auctioning and cap-and-trade systems could be an international source of funding for climate change actions in developing countries.

8. For mitigation purposes the funds shall develop different incentive mechanisms to encourage ambitious action in all developing countries according to their own priorities and circumstances; funding should primarily be delivered through results-based mechanisms.

[D] 50. The Conference of the Parties shall adopt provisions, based on existing and any further guidelines, to measure, report and verify the support provided by developed countries for enhanced action by developing country Parties, and will ensure that accounting of support is rigorous, robust and transparent.

The Finance Board ('New Body')

33. A **Finance Board** of the financial mechanism shall be established under the guidance of and be accountable to the Conference of the Parties.

34. The Finance Board shall have an equitable and balanced representation of all Parties within a transparent system of governance in accordance with Article 11, paragraph 2, of the Convention.

35. The **Finance Board** of the financial mechanism shall:

(a) Provide [guidance][**assistance**] to, and ensure accountability to the Conference of the Parties of, all operating entities of the financial mechanism **in accordance with Article 11 of the Convention;**

(b) Assess the needs for, and sources and flows of, international finance to support activities to address climate change;

15. Option 1 to the chapeau :

A **new body** of the financial mechanism shall be established under the guidance of and be accountable to the Conference of the Parties in order to perform, inter alia, the following functions:

Option 1: 15 bis. The new body shall have a transparent system of governance in accordance with Article 11, paragraph 2, of the Convention.

D. 49. The financial mechanism of the Convention shall be further operationalized with equitable and balanced representation of all Parties; through effective, efficient and transparent institutional arrangements; improved access to financial resources by developing countries, including direct access; and balanced allocation of resources between adaptation and mitigation.

Option 1: 15 ter. The new body shall consist of [x] members nominated by the Conference of the Parties at COP 17 on the basis of criteria to be determined at COP 16, with an equitable and balanced representation of all Parties

15. Option 2 to the chapeau :

Existing institutions shall be strengthened in order to perform, inter alia, the following functions:

(a) Provide guidance to, and ensure accountability to the Conference of the Parties of, all operating entities of the financial mechanism;

(b) Improve coherence, coordination, efficiency and effectiveness by encouraging all operating entities and other delivery channels to avoid duplication of efforts and to harmonize application, measurement and reporting procedures;

(c) Assess the needs for international finance to support activities to address climate change **and study the contribution of the potential sources of revenue, including alternative sources of finance, towards meeting these needs;**

- (c) Recommend a balanced allocation of funding across thematic areas of the operating entities of the financial mechanism based on the information provided by all operating entities;
- (d) Recommend provisions for unifying modalities to measure, report and verify the support provided to developing country Parties for enhanced action on mitigation, **and to monitor, report and review the support provided to developing country Parties for enhanced action on adaptation;**
- (e) **Review** modalities of operating entities in order to provide simplified, improved, effective and equitable access to financial resources in a timely manner, including direct access;
- (f) **Upon request, provide advice and information to assist developing country Parties in matching financial support for their mitigation and adaptation needs;**
- (g) **Report to the Conference of the Parties on a regular basis;**
- (h) **Fulfil any other functions assigned to it by the Conference of the Parties.**

36. The Finance Board shall be serviced by a secretariat.

- (d) Recommend a balanced allocation of funding across thematic areas of the operating entities of the financial mechanism based on the information provided by all operating entities.
- (f) Recommend modalities to measure, report and verify the support provided to developing country Parties for enhanced action in developing countries;
- (e) **Recommend** to operating entities modalities that provide simplified, improved, effective and equitable access to financial resources in a timely manner, including direct access;

Option 1: 15 quat. The new body shall be serviced by a secretariat.

The Fund

37. That a Copenhagen Green Climate Fund shall be established as an operating entity of the financial mechanism of the Convention to support projects, programmes, policies and other activities related to mitigation, including REDD-plus, adaptation, capacity-building, and technology development and transfer.

38. Specialized funding windows **may** be established by the Board of the Copenhagen Green Climate Fund with the approval of the Conference of the Parties.

9. A new fund shall be established as an operating entity of the financial mechanism of the Convention, **under the guidance of and accountable to the Conference of the Parties**, to support projects, programmes, policies and other activities related to mitigation, including REDD-plus, adaptation, capacity-building, and technology development and transfer.

11. The board of the new fund **shall** establish specialized funding windows with the approval of the Conference of the Parties.

A significant portion of the new multilateral funding for adaptation shall flow through the new fund.

29. New multilateral funding for adaptation will be delivered through effective and efficient fund arrangements, with a governance structure providing for equal representation of developed and developing countries. A significant portion of such funding should flow through the Copenhagen Green Climate Fund.

39. The Copenhagen Green Climate Fund shall be governed by a [YY] Board of [yy] members [nominated by the Conference of the Parties,] with equitable and balanced representation of developed country Parties and developing country Parties.

40. The Copenhagen Green Climate Fund shall be serviced by a trustee and a secretariat; the procedures for selecting the trustee and the secretariat shall be finalized by the seventeenth session of the Conference of the Parties.

41. The Copenhagen Green Climate Fund shall provide simplified, improved and effective access to financial resources in a timely manner, including direct access.

42. The Parties agree to [reform][review] the institutional arrangement of the financial mechanism of the Convention with the Global Environment Facility to respond more effectively to needs of developing country Parties.

The board of the new fund will draw on the technical advice of the [*list thematic bodies, as needed*] when making funding decisions.

10. The new fund shall be governed by a board nominated by the Conference of the Parties at COP 17 on the basis of *criteria to be determined at COP 16*. The board shall have an [equitable and balanced][equal] representation of developed country Parties and developing country Parties.

13. The new fund shall be serviced by a trustee and a secretariat. Selection of the trustee and the permanent secretariat shall be made at COP 17 *on the basis of criteria to be determined at COP 16*. The [XX] is invited to be the interim secretariat.

12. The new fund shall provide simplified, improved and effective access to financial resources in a timely manner, including direct access.

14. *In order to improve coherence, coordination, efficiency and effectiveness among operating entities and other delivery channels, the new fund may establish a forum of entities that provide financial support. This forum would serve as a platform to encourage operating entities and other delivery channels to increase the flow and exchange of information, to avoid duplication of efforts and to harmonize application, measurement and reporting procedures.*

The GEF

16. Parties agree to *revise* the institutional arrangement between the financial mechanism of the Convention and the Global Environment Facility to ensure more effective response to the needs of developing country Parties.

