

Fifteenth meeting of the Standing Committee on Finance Bonn, Germany, 7–9 March 2017

Background paper on the sixth review of the Financial Mechanism

Expected actions by the Standing Committee on Finance

The Standing Committee on Finance will be invited to agree on the:

- a) Concept note for the preparation of the SCF's expert input to the sixth review of the Financial Mechanism, including draft outline, methodology and possible linkages;
- b) Organization of its work to prepare its expert input to the sixth review of the Financial Mechanism in 2017, including working group, timeline, interim outputs and outreach strategy.

I. Options for consideration by the Standing Committee on Finance

Concept note on the preparation of expert inputs to the sixth review of the Financial Mechanism, including the outline, methodology and possible linkages

1. The Standing Committee on Finance (SCF) may wish to agree on its approach to provide expert input to the Conference of the Parties (COP) on the sixth review of the Financial Mechanism. During the previous review, the SCF requested the secretariat to prepare a technical paper under its guidance, using the updated review guidelines adopted by the COP as a basis, with a view to preparing conclusions and recommendations.
2. The SCF may wish to consider the concept note for the preparation of the expert input, contained in annex I to this note. It includes a draft outline and methodology for the preparation of its expert input, largely drawing on the experience of the SCF in preparing its expert input for the fifth review. Furthermore, annex I identifies possible linkages with the activities that the SCF and the operating entities are undertaking, which may be of relevance to the review (see paragraphs 8–13 in annex I). For reference, appendix I identifies the amendments made by COP 22 to the guidelines for the fifth review, to clearly indicate the revised elements of the sixth review.

Organization of its work in 2017, including working group, timeline, interim outputs and outreach strategy

3. The SCF may wish to confirm a working group, its participants and co-facilitators, who would lead this year's work on the sixth review.
4. The SCF may wish to agree on the timeline for conducting the work. An indicative timeline is contained in annex II to this note, which proposes the distribution of work over the course of the year, including interim outputs. It also identifies inter-sessional work between SCF 15 and SCF 16.
5. The SCF may wish to confirm its strategy for outreach and collaboration to advance this work. The draft communication strategy to be considered at SCF 15 ([annex III of SCF/2017/15/3](#)) identifies areas of collaboration with other constituted bodies of the Convention, the operating entities of the Financial Mechanism and other bilateral/multilateral entities channeling climate finance that may assist the SCF in enhancing its work. In this regard, the SCF may wish to encourage other constituted bodies to



submit inputs to the sixth review, in accordance with decision 12/CP.22, paragraph 3,¹ to obtain their views on the Financial Mechanism and its operating entities.

II. Background

6. The COP, by decision 3/CP.4, decided to review the Financial Mechanism of the Convention every four years in accordance with Article 11.4 of the Convention. The annex to decision 3/CP.4 containing the guidelines states that the objective of the review of the Financial Mechanism is to take appropriate measures regarding:
 - (a) Its conformity with the provisions of Article 11 of the Convention;
 - (b) Its conformity with the guidance of the COP;
 - (c) The effectiveness of the activities it funds in implementing the Convention;
 - (d) Its effectiveness in providing financial resources on a grant or concessional basis, including for the transfer of technology, for the implementation of the Convention's objective on the basis of the guidance provided by the COP; and
 - (e) Its effectiveness in providing resources to developing country Parties under Article 4.3 of the Convention.
7. At its seventeenth session, the COP requested the SCF to provide its expert input into the preparation and conduct of the period review of the Financial Mechanism.² The SCF provided its expert input to the fifth review of the Financial Mechanism by preparing a technical paper together with conclusions and recommendations for consideration by the COP.³ The SCF drew upon various reports, technical papers and any additional sources of information identified in the updated guideline.
8. The COP at its twentieth session decided to initiate the sixth review of the Financial Mechanism at COP 22, based on the updated guidelines or as these guidelines may have subsequently amended.⁴ The COP at its twenty-second session adopted the updated guidelines for the sixth review and requested the SCF to provide expert input to the sixth review, with a view to finalizing the review at COP 23 (November 2017).⁵ The SCF was encouraged by the COP to build on the same methodology and criteria in future review of the Financial Mechanism.⁶
9. In addition, the COP invited observers and other interested international organizations, stakeholders and non-governmental organizations involved in the activities of the operating entities of the Financial Mechanism to submit, by April 30th 2017, their views on the sixth review based on the above mentioned guidelines, for consideration by the SCF in preparing its expert input to the review.⁷
10. For further background, the table in annex III to this document provides an overview of the evolution of the Financial Mechanism with key milestones and outcomes of the previous reviews of the Financial Mechanism.

¹ "Invites Parties, observers and other interested international organizations, stakeholders and non-governmental organizations involved in the activities of the operating entities of the Financial Mechanism to submit, by 30 April 2017, their views on the sixth review of the Financial Mechanism based on the guidelines contained in this annex [of decision 12/CP.22], for consideration by the SCF in preparing its expert input to the review".

² [Decision 2/CP.17 paragraph 121\(e\)](#).

³ As contained in [FCCC/CP/2014/5](#).

⁴ [Decision 9/CP.20, paragraph 9](#).

⁵ [Decision 12/CP.22, paragraph 1–2](#).

⁶ [Decision 9/CP.20, paragraph 2](#).

⁷ [Decision 12/CP.22, paragraph 3](#).

Annex I - Concept note on the preparation of expert inputs to the sixth review of the Financial Mechanism

Introduction

1. The SCF was encouraged by the COP to build on the same methodology and criteria from the fifth review.⁸ Furthermore, the COP recognized that the review of the Financial Mechanism should inform the replenishment processes of the operating entities of the Financial Mechanism.
2. In order to adopt the guidelines for the sixth review, the COP 22 amended the objectives, sources of information and criteria for the guidelines for the fifth review.⁹ These amendments are captured in the appendix I of this concept note, identifying clearly the changes made by the COP. These changes have been taken into consideration in developing the draft outline and methodology contained in this concept note.
3. The review and therefore the SCF's expert inputs will cover both operating entities of the Financial Mechanism, namely the Green Climate Fund (GCF), the Global Environment Facility (GEF), as well as the Least Developed Countries Fund (LDCF) and the Special Climate Change Fund (SCCF) administered by the GEF.

Methodology

4. The updated guidelines for the sixth review of the Financial Mechanism adopted by COP 22 will serve as the basis of the expert input and will draw on the available data and sources of information, as identified in section B of these guidelines. Information will be assessed against the criteria identified in section C of the updated guideline. The table contained in appendix II outlines how the criteria set by the COP can be grouped into clusters, what each criteria will assess and what sources of information can be used for each criteria.
5. As for the sources, the expert input will be informed by the list of sources and information identified by the COP,¹⁰ generated from 2014 to 2017.¹¹ This will be complemented by other sources of information, which may include, inter alia:
 - (a) Submissions received on the sixth review of the Financial Mechanism;¹²
 - (b) Past decisions of the COP related to the Financial Mechanism;
 - (c) Information from the secretariats of the operating entities of the Financial Mechanism;
 - (d) Information from bilateral and multilateral channels of climate finance to assess the level of consistency and complementarity of the Financial Mechanism with other sources of investment and financial flows;
 - (e) Information from other constituted bodies of the Convention, including their submissions;

⁸ [Decision 9/CP.20, paragraph 2.](#)

⁹ The updated guideline is contained in [the annex of decision 12/CP.22.](#)

¹⁰ Annex of decision 12/CP.22, paragraph 2.

¹¹ The fifth review covered from 2010 to 2014. See [SCF/2013/6/4, paragraph 3.](#)

¹² [Decision 12/CP.22, paragraph 3.](#)



- (f) Information from an appropriate sample of recipient countries to complement aspects where information is not fully available through sources and literature listed in the updated guideline.
6. A desk review will be carried out to synthesize and assess the available information, which, if the SCF agrees, could be enhanced by interviews with relevant stakeholders, conducted by the secretariat with the guidance of the co-facilitators. The interviews would be undertaken according to questions, list of interviewees and an assessment matrix, to be developed by the secretariat ahead of the interview and agreed to by the co-facilitators in advance.

Draft outline of the expert input document

7. A draft outline of the document containing the expert inputs is presented in Appendix III. Each sub-chapter is labelled with the sources of the criteria. Additional elements of review that the SCF decided for the fifth review are also included.

Linkages

Ongoing SCF discussions relating to identification of draft core guidance

8. The SCF, since the conclusion of the fifth review, made notable progress in compiling and analyzing previous guidance to the operating entities of the Financial Mechanism and how to improve consistency and coherence of guidance provided to the operating entities. This could inform the expert input on, inter alia, the responsiveness of the operating entities to the COP guidance.

SCF work on the second biennial assessment and overview of climate finance flows (BA), as it relates to level of finance mobilized through the operating entities

9. The SCF published the second BA in 2016 and it could inform the expert input on, inter alia:
- (a) Amount of resources provided to developing countries;
 - (b) Amount of finance leveraged, modalities and ratios of co-financing and use of financial instruments;
 - (c) Adequacy, predictability and sustainability of funds;
 - (d) Role of Financial Mechanism in scaling up the level of resources.

Discussions on the seventh replenishment of the GEF and first replenishment of the GCF

10. The ongoing efforts of the operating entities related to replenishment could inform the expert input on its aspects related to the mobilization of financial resources, as listed in paragraph 10 above. It could also inform:
- (a) Consistency and complementarity between the operating entities;
 - (b) Consistency and complementary between the operating entities and other sources of investments and financial flows.

Discussions on complementarity and coherence between the GCF and other entities delivering climate finance

11. Ongoing work of the SCF in improving coherence and coordination in the delivery of climate finance and rationalizing the Financial Mechanism generally, and more specifically with regards to enhancing complementarity and coherence between the GCF and other entities delivering climate finance could inform the expert input on, inter alia:
- (a) Consistency and complementarity between the operating entities;

- (b) Consistency and complementary between the operating entities and other sources of investments and financial flows.

Ongoing work of the Adaptation Committee

12. The AC is developing an information paper, in collaboration with the LEG, the SCF and the GCF, on experiences of countries in accessing the GCF readiness programme in supporting adaptation, including for the process to formulate and implement NAPs. Furthermore, the AC is planning to organize a workshop for the engagement of relevant stakeholders, experts on national implementing entities, national designated authorities, etc., to advance understanding and overcome challenges related to the establishment of national implementing entities and accessing the GCF readiness programme for adaptation. These could inform the expert input on, inter alia:
 - (a) Accessibility;
 - (b) Country-ownership of projects and programmes;
 - (c) Fiduciary standards.

Appendix I - Comparison of the guidelines of the sixth review from the fifth review of the Financial Mechanism

Updated guidelines for the ~~fifth~~sixth review of the Financial Mechanism¹³

A. Objectives

1. In accordance with Article 11, paragraph 4, of the Convention, the objectives of the ~~fifth~~ sixth review of the Financial Mechanism will be as follows:

(a) To review the Financial Mechanism and take appropriate measures regarding:

(i) Its conformity with the provisions of Article 11 of the Convention and the guidance provided by the Conference of the Parties (COP);

(ii) The effectiveness of the activities it funds in implementing the Convention;

(iii) Its effectiveness in providing financial resources on a grant or concessional basis, including for the transfer of technology, for the implementation of the Convention's objective on the basis of the guidance provided by the COP;

(iv) Its effectiveness in providing resources to developing country Parties under Article 4, paragraph 3, of the Convention;

(v) The effectiveness of access modalities for developing countries;

(b) To examine ~~how to improve~~ consistency and complementarity ~~between the operating entities of the financial mechanism with~~ between the operating entities of the Financial Mechanism, and between the operating entities of the Financial Mechanism and other sources of investment and financial flows, including:

(i) Examining relevant sources, channels and means of financing, as indicated in Article 11, paragraph 5, of the Convention, that would assist developing country Parties to contribute to the achievement of the objective of the Convention, in particular innovative means of financing, such as for the development of endogenous technologies in developing countries;

(ii) Examining the role of the Financial Mechanism in scaling up the level of resources;

(iii) Assessing enabling environments for catalysing investment in, and the transfer of, environmentally sound technologies that mitigate greenhouse gas emissions, and for enhancing resilience to climate change.

B. Sources of information

2. The review shall draw upon, inter alia, the following sources of information:

(a) Information provided by Parties on their experiences regarding ~~the financial mechanism~~ support provided and received in accordance with COP decisions;

¹³ The original guidelines to the sixth and the fifth review are contained in the annex of decision 12/CP.22, and 8/CP.19, respectively.

- (b) Annual ~~reviews by the COP on~~guidance provided by the COP to the operating entities of the Financial Mechanism with regard to the conformity of ~~the their~~ activities of the financial mechanism with the guidance provided by the COP;
- (c) The annual reports of the Standing Committee on Finance (SCF) to the COP on its activities and ~~other~~-relevant technical information documents regarding produced by the committee such as the biennial assessments and overview of climate finance flows and outcomes of the SCF forums;
- (d) The annual reports of the Global Environment Facility (GEF) to the COP on its activities as an operating entity of the Financial Mechanism, including the information on the Least Developed Countries Fund and the Special Climate Change Fund, and other relevant GEF policy and information documents;
- (e) The reports from the GEF Independent Evaluation Office;
- (f) The annual reports of the Board of the Green Climate Fund (GCF) to the COP on its activities as an operating entity of the Financial Mechanism and other relevant GCF policy and information documents;
- (g) The reports of the Adaptation Fund Board to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol and the outcomes of the ~~initial review~~reviews of the Adaptation Fund;
- (h) The outcomes and reports of the United Nations processes, relevant bilateral and multilateral funding institutions and other intergovernmental and non-governmental organizations dealing with climate financing;
- (i) Relevant reports on private-sector financing and investment for climate change activities;
- (j) Technical papers and reports prepared by the secretariat at the request of the COP which are relevant to the financial needs of developing country Parties under the Convention;
- (k) Information contained in the national communications of Parties to the Convention, technology needs assessments and national adaptation programmes of action;
- ~~(l) Information~~The reports of the in-session workshops on fast start~~long-term finance provided by;~~
- ~~(l)~~The biennial submissions from developed country Parties on their updated strategies and other approaches for scaling up climate finance from 2014 to 2020, including any available information on ~~fast start~~ finance;
- ~~(m) The reports on the work programme on long term finance;~~
- ~~(n)~~(m) The report on the workshops of the work programme under decisions 1/CP.16~~quantitative~~ and ~~2/CP.17 on policy approaches and positive incentives;~~ qualitative elements of a pathway;
- ~~(o)~~(n) The reports of the Least Developed Countries Expert Group and the Consultative Group of Experts on National Communications from Parties not included in Annex I to the Convention.

C. Criteria

3. The effectiveness of the Financial Mechanism will be assessed taking into account the following:

- (a) The transparency of the decision-making processes of the operating entities of the Financial Mechanism;
- (b) The level of stakeholder involvement;
- (c) The extent to which the Financial Mechanism is contributing to gender-sensitive approaches;
- (d) The adequacy, and predictability, accessibility and ~~timely~~ timeliness and rate of disbursement of funds for activities in developing country Parties, including projects in the pipeline;
- (e) The responsiveness ~~and~~ efficiency and performance of the ~~CEF cycle for project cycle and expedited/~~ programme approval procedures, ~~including its operational strategy, as they relate to climate change~~ of the operating entities of the Financial Mechanism;
- (f) The amount of resources provided to developing country Parties, including financing for technical assistance and investment projects, and the mechanisms for country allocation, as well as the results and impacts achieved by the resources provided;
- (g) The amount of finance leveraged, and modalities and ratios of co-financing ~~when~~ and the use of financial instruments where applicable;
- (h) The extent to which the resources provided are contributing to achieving the objective of the Convention;
- (i) The sustainability of funded programmes, projects and operations in developing country Parties;
- (j) The extent to which the Financial Mechanism is contributing to the country ownership of programmes and projects.

Appendix II - Suggested grouping of criteria for the SCF expert inputs to the sixth review of the Financial Mechanism

Criteria	Brief description of assessment	Possible sources of information
A. Governance		
1. Transparency of decision-making processes of the operating entities of the Financial Mechanism	The assessment under this criterion will explore what are the provisions of the Convention in terms of transparency of decision-making process and how the operating entities have been responding to those provisions.	<ul style="list-style-type: none"> • Reports of the OEs Independent Evaluation Office • Governing Instrument of the GCF • Decisions and guidance from the COP • Available documentation on the decision-making process of the Adaptation Fund Board • Any available independent studies on the transparency of decision making process of the OEs, such as by the Transparency International
2. Level of stakeholder involvement	As an important element that influences the viability and impact of the programmes and project funded, this criterion will examine the policies on stakeholder involvement that are in place and the outcomes of their implementation.	<ul style="list-style-type: none"> • OPS Report • Reports of the OEs to the COP and information on the stakeholders engagement • Information from the AFB secretariat
3. The extent to which the financial mechanism is contributing to gender-sensitive approaches	COP recognizes that gender equality and effective participation of women are important for effective action on all aspects of climate change. The assessment of this criterion will investigate on how and to which extent the operating entities are supporting gender sensitive approaches and active participation of women in combatting climate change.	<ul style="list-style-type: none"> • Reports of the OEs Independent Evaluation Office • Reports of the OEs to the COP and information on gender sensitive approaches • Information from the AFB secretariat
4. Environmental and social safeguards	This section will examine the safeguards of the GCF and the GEF, whether they are effective to avoid, minimize, or mitigate	<ul style="list-style-type: none"> • Reports of the OEs to the COP and information on safeguards and fiduciary standards • Information from accredited agencies of the OEs

5. Fiduciary standards	potentially adverse environmental or social impacts that could arise from projects and programmes. Furthermore, it will also assess the fiduciary standards of the operating entities.	<ul style="list-style-type: none"> • Reports of the OEs Independent Evaluation Office
B. Responsiveness of the operating entities to COP guidance		
1. Level of responsiveness to COP guidance	This section aims to examine whether the Financial Mechanism is functioning under the guidance of the COP in accordance with Article 11 of the Convention. It will assess how guidance from the COP is operationalized by the operating entities and the conformity with the provisions of the Convention and the MOU/arrangements with the operating entities.	<ul style="list-style-type: none"> • Reports of the OEs to the COP • Reports of the OEs Independent Evaluation Office • Information from Party representatives • Memorandum of understanding between the COP and the GEF Council • Arrangements between the COP and the GCF
2. Efficiency and performance of the cycle for project/programme approval procedures of the operating entities of the Financial Mechanism	This criterion will be assessed based on how the OEs and its agencies have improved the project cycle for an expedited and effective implementation of programmes and projects in developing countries	<ul style="list-style-type: none"> • Reports of the OEs Independent Evaluation Office • Reports of the OEs to the COP • Information available on experience from Parties in dealing with the GEF • Information available on the GEF project cycle
C. Mobilization of financial resources		
1. Amount of resources provided to developing country Parties, including financing for technical assistance and investment projects, and the mechanisms for country allocation, as well as the results and impacts achieved by the resources provided	The assessment of this criterion will build on the findings of the biennial assessment and overview of financial flows. In this context, the assessment will aim at providing the SCF with an overview of climate finance flows including their thematic and geographical distribution, as well as the mechanisms for country allocation of the resources and the results and impacts achieved.	<ul style="list-style-type: none"> • Biennial assessment and overview of financial flows • Reports of the OEs to the COP • Information contained in national communications and biennial reports of annex I Parties to the Convention • Biennial submissions from developed country Parties on their updated strategies and approaches for scaling up climate finance from 2014 to 2020 • Summary reports on the in-session workshop on long-term climate finance • Independent analysis and reports on climate finance flows (e.g. WRI, ODI, CPI, CERES, etc.)

<p>2. Amount of finance leveraged and modalities of co-financing</p>	<p>The assessment of this criterion will also be informed by the biennial assessment and overview of financial flows and it will look into how much financing has been leveraged through the financial mechanism and the challenges and opportunities associated with co-financing when applied under the financial mechanism.</p>	<ul style="list-style-type: none"> • Biennial assessment and overview of financial flows • Reports of the OEs to the COP • Information contained in national communications and biennial reports of annex I Parties to the Convention • Biennial submissions from developed country Parties on their updated strategies and approaches for scaling up climate finance from 2014 to 2020 • Summary reports on the in-session workshop on long-term climate finance • Reports of the GEF Independent Evaluation Office • Information available on modalities of co-financing, if applied, from bilateral and multilateral agencies
<p>3. Adequacy, predictability, and sustainability of funds</p>	<p>The review of the financial mechanism against this criterion with focus on the efforts being undertaken by the developed country Parties to provide adequate and predictable resources to developing countries for the implementation of the Convention</p>	<ul style="list-style-type: none"> • Reports of the OEs Independent Evaluation Office • Reports of the OEs to the COP • Information contained in national communications and biennial reports of annex I Parties to the Convention • Biennial submissions from developed country Parties on their updated strategies and approaches for scaling up climate finance from 2014 to 2020 • Summary reports on the in-session workshop on long-term climate finance • Information available on the access modalities of bilateral and multilateral entities • Information available on the level of disbursement of the funds by the bilateral and multilateral entities • UNDP country reports on CPEIR
<p>4. Role of the Financial Mechanism in scaling-up the level of resources</p>	<p>The assessment under this criterion will investigate on the efforts being undertaken to scale-up the level of resources to support climate action by developing countries.</p>	<ul style="list-style-type: none"> • Information contained in national communications and biennial reports of annex I Parties to the Convention • Biennial submissions from developed country Parties on their updated strategies and approaches for scaling up climate finance from 2014 to 2020 • Summary reports on the in-session workshop on long-term climate finance

D. Delivery and effectiveness of financial resources

1. Accessibility	It will look into the access modalities of the operating entities thereby providing the SCF with the possible challenges faced by developing countries in accessing funding. It will look into factors that promote or hinder the timely disbursement of the funds.	<ul style="list-style-type: none"> • Reports of the OEs to the COP • Summary reports on the in-session workshop on long-term climate finance • Information from GEF recipient countries and intermediary agencies
2. Timeliness and rate of disbursement		
3. The extent to which the financial mechanism is contributing to country-ownership of programmes and project	The assessment under this criterion will aim at providing the SCF with a clear picture of the measures in favor of country ownership of programmes and project, that have been undertaken by the operating entities.	<ul style="list-style-type: none"> • Information from the secretariats of the OEs • Reports of the OEs to the COP • Information contained in national communications of Parties to the Convention, technology needs assessments and national adaptation programmes of action • Biennial submissions from developed country Parties on their updated strategies and approaches for scaling up climate finance from 2014 to 2020 • Summary reports on the in-session workshop on long-term climate finance
4. Sustainability of funded programmes, projects and operations in developing country Parties	The assessment of the financial mechanism against this criterion will look into how sustainable are the programmes, projects and operations in developing countries and the factors that influence such sustainability.	<ul style="list-style-type: none"> • Reports of the OEs Independent Evaluation Office • Report of the GEF to the COP • Information from the GEF secretariat • Information available on experience from Parties in dealing with the GEF
5. Enabling environments for catalyzing investment in, and the transfer of, environmentally sound technologies that mitigate greenhouse gas emissions, and for enhancing resilience to climate change	The assessment under this criterion will investigate on the efforts being undertaken to enhance enabling environments for investment in, and the transfer of, environmentally sound technologies that mitigate greenhouse gas emissions, and enhance resilience to climate change.	<ul style="list-style-type: none"> • Information contained in national communications and biennial reports of annex I Parties to the Convention • Biennial submissions from developed country Parties on their updated strategies and approaches for scaling up climate finance from 2014 to 2020 • Summary reports on the in-session workshop on long-term climate finance

E. Results and impacts achieved with the resources provided

1. Mitigation results achieved	Impacts and results that are being achieved by the GCF and the GEF, LDCF and SCCF will be reviewed, deliberating on the effectiveness of the activities funded by the Financial Mechanism in implementing the Convention	<ul style="list-style-type: none"> • Reports of the OEs Independent Evaluation Office • Reports of the OEs to the COP and information on results-based framework and M&E framework • Secondary research papers on the impacts of the GEF/GCF
2. Adaptation results achieved		
3. Technology transfer		
4. Capacity-building		

F. Consistency with the objective of the Convention

1. The extent to which the resources provided by the GCF contribute to achieving the objective of the Convention	The assessment under this criterion will aim at providing the SCF with an understanding of whether the climate finance contribute to the achievement of the objectives of the Convention	<ul style="list-style-type: none"> • Biennial assessment and overview of financial flows and any available independent analysis on climate finance flows • Reports of the OEs to the COP • Information contained in national communications and biennial reports of annex I Parties to the Convention • Biennial submissions from developed country Parties on their updated strategies and approaches for scaling up climate finance from 2014 to 2020 • Summary reports on the in-session workshop on long-term climate finance • Reports of the OEs Independent Evaluation Office
2. The extent to which the resources provided by the GEF contribute to achieving the objective of the Convention		

G. Consistency and complementarity of the Financial Mechanism with other sources of investment and financial flows

1. Consistency and complementarity between the operating entities	Consistency (or degree of adherence) of the Financial Mechanism to the objective of the Convention will be examined, including the level of consistency of the programme priorities and policies of the operating entities of the Financial Mechanism.	<ul style="list-style-type: none"> • Reports of the OEs to the COP • Documents of the OEs' governing bodies • Documentations from the IPCC reports
2. Consistency and complementarity between the operating entities and other sources of investments and financial flows		

Appendix III - Draft outline for the SCF's expert input

Draft outline	Rational
Executive summary	
I. Introduction	
A. Mandate	
B. Scope and methodology	
II. Assessment and key findings for reviewing the effectiveness of the Financial Mechanism of the Convention	
A. Governance	
1. Transparency of the decision-making process of the operating entities	<i>(Paragraph 3(a) of the updated guideline)</i>
2. Level of stakeholder involvement	<i>(Paragraph 3(b) of the updated guideline)</i>
3. Gender-sensitive approaches	<i>(Paragraph 3(c) of the updated guideline)</i>
4. Environmental and social safeguards	<i>(Included by the SCF at the fifth review)</i>
5. Fiduciary standards	
B. Responsiveness of the operating entities to COP guidance	
1. Level of responsiveness to COP guidance	<i>(Paragraph 3(e) of the updated guideline)</i>
2. Efficiency and performance of the cycle ¹⁴ for project/programme approval procedures of the operating entities of the Financial Mechanism	
C. Mobilization of financial resources	
1. Amount of resources provided to developing countries	<i>(Paragraph 3(f) of the updated guideline)</i>
2. Amount of finance leveraged, modalities and ratios of co-financing and use of financial instruments ¹⁵	<i>(Paragraph 3(g) of the updated guideline)</i>
3. Adequacy, predictability and sustainability of funds	<i>(Paragraph 3(d) of the updated guideline)</i>
4. Role of Financial Mechanism in scaling up the level of resources	<i>(Paragraph 1(b)(ii) of the updated guideline)</i>
D. Delivery and effectiveness of financial resources	
1. Accessibility	<i>(Paragraph 3(d) of the updated guideline)</i>
2. Timeliness and rate of disbursement, including projects in the pipeline ¹⁶	
3. Country-ownership of projects and programmes	<i>(Paragraph 3(j) of the updated guideline)</i>
4. Sustainability of funded projects and programmes	<i>(Paragraph 3(i) of the updated guideline)</i>

¹⁴ Added in the updated guidelines of the sixth review.

¹⁵ Ibid.

¹⁶ Ibid.

5. Enabling environments	<i>(Paragraph 1(b)(iii) of the updated guideline)</i>
E. Results and impacts achieved with the resources provided	
1. Mitigation results achieved	<i>(Paragraph 3(f) of the updated guideline)</i>
2. Adaptation results achieved	
3. Technology transfer	
4. Capacity-building	
F. Consistency of the Financial Mechanism with the objective of the Convention	
1. The extent to which the resources provided by the GCF contribute to achieving the objective of the Convention	<i>(Paragraph 3(h) of the updated guideline)</i>
2. The extent to which the resources provided by the GEF contribute to achieving the objective of the Convention	
G. Consistency and complementarity of the Financial Mechanism with other sources of investment and financial flows	
1. Consistency and complementarity between the operating entities	<i>(Paragraph 1(b) of the updated guideline)</i>
2. Consistency and complementarity between the operating entities and other sources of investments and financial flows	

Annex II - An indicative timeline for preparing expert input to the sixth review of the Financial Mechanism

	2017										
	March	April	Early-May	(May SBs session)	Late-May	Mid-June	Late - June	July	Mid August	End of August	Sept
Phase 1: Preparation of bibliography of information											
SCF 15: Agreement on the outline, methodology and the workplan											
Preparation of the literature review and desk research, based on the identified sources of information											
Parties' submission due on 30 April 2017											
Phase 2: Drafting and review (Clusters ABFG)											
Preparation of the first draft of the expert input <i>Cluster A: Governance Cluster B: Responsiveness of the operating entities to COP guidance Cluster F: Consistency of the Financial Mechanism with the objectives of the Convention Cluster G: Consistency and complementarity of the Financial Mechanism with other sources of investment and financial flow</i>				8–18 May							
Inter-sessional work of the working group in reviewing and revising the draft prepared by the secretariat											
Phase 3: Drafting and review (Clusters CDE)											
Preparation of the first draft of the expert input <i>Cluster C: Mobilization of financial resources Cluster D: Delivery and effectiveness of financial resources Cluster E: Results and impacts achieved with the resources provided</i>											
Inter-sessional work of the working group in reviewing and revising the draft prepared by the secretariat											
Phase 4: Finalization and draft conclusions and recommendations											
Finalization of expert input and preparation of draft conclusions and recommendations to be considered by the SCF											
SCF 16: Consideration of the draft conclusions and recommendations prepared by the working group on the basis of the technical work and finalization of the expert input to be forwarded to the COP											

Annex III - Key milestones of the Financial Mechanism and key outcomes of its previous reviews

Session	Key outcomes	Relevant decisions
COP 4	<ul style="list-style-type: none"> • The GEF is entrusted as an operating entity of the financial mechanism of the Convention • The COP adopts guidelines for the review of the effectiveness of the mechanism to take place every four years 	3/CP.4
COP 7	<ul style="list-style-type: none"> • The COP discussed funding under the Convention and decided that in order to meet their commitments under Articles 4 of the Convention, Parties included in Annex II, and other Parties included in Annex I that are in a position to do so should provide funding to developing country Parties through: <ul style="list-style-type: none"> ○ Increased GEF replenishment; ○ The SCCF, established at that session; ○ The LDCF, established at that session; ○ Bilateral and multilateral sources. 	7/CP.7
COP 8	<ul style="list-style-type: none"> • The COP concluded the second review of the financial mechanism, with guidance to the GEF on, inter alia: <ul style="list-style-type: none"> ○ Reviewing its project cycle with a view to make it simpler and more efficient ○ Enhancing the understanding of the concept of agreed incremental cost and global benefits ○ Strengthening consistency of GEF activities with national priorities 	5/CP.8
COP 12	<ul style="list-style-type: none"> • The COP concluded the third review of the financial mechanism, by which the COP provided guidance to the GEF with an emphasis to financing for adaptation, ease of access of least developed countries and small island developing States to the funding of the GEF. 	2/CP.12
COP 13	<ul style="list-style-type: none"> • In the context of the Bali Action Plan for enhanced action on resources and investment, the COP agreed on an additional objective of the review of the financial mechanism aiming at examining how to facilitate consistency and complementarity of the financial mechanism with other sources of investment and financial flows 	6/CP.13
COP 15	<ul style="list-style-type: none"> • Developed country Parties pledged to provide USD 30 billion for the period 2010–2012 with balanced allocation between mitigation and adaptation, also known as fast-start finance • Developed country Parties committed, in the context of meaningful mitigation actions and transparency of action, to a goal of mobilizing jointly USD 100 billion per year by 2020 to address the needs of developing countries 	
COP 16	<ul style="list-style-type: none"> • The Cancun agreements marked an important milestone in the financial mechanism. <ul style="list-style-type: none"> ○ The COP established the GCF as an operating entity of the financial mechanism; ○ The COP established the SCF with the view of the Committee assisting the COP in exercising its functions in relation to the financial mechanism ○ The COP reaffirmed the commitments made by developed country Parties at COP 15 on the mobilization of climate finance ○ The COP concluded the fourth review of the financial mechanism and provided guidance to the GEF on further simplifying and improve timeliness of its project cycle, as well as on continuing to improve its modalities to increase the responsiveness, effectiveness and efficiency of its support 	1/CP.16 2/CP.16
COP 19	<ul style="list-style-type: none"> • The COP adopted updated guidelines for the fifth review of the review to be finalized at COP 20 	8/CP.19
COP 20	<ul style="list-style-type: none"> • The COP welcomed with appreciation the expert input by the SCF, contained in the technical report and encouraged the SCF to build on the same methodology and criteria in the future reviews. The conclusions and recommendations contained in the technical paper was acknowledged by the COP. 	9/CP.20

	<ul style="list-style-type: none">• The expert input prepared by the SCF focused on the GEF and the funds under the Convention managed by the GEF, namely the LDCF and the SCCF because the GCF was under the process of operationalization.• The COP recognized the general positive assessment of the performance of the GEF but noted the difficulty of accessing the GEF funding by the LDCs and SIDs	
COP 22	<ul style="list-style-type: none">• The COP adopted updated guidelines for the fifth review of the review to be finalized at COP 23	12/CP.22