



Background paper on procedural aspects of the provision of draft guidance to the operating entities of the financial mechanism

I. Background

1. The Conference of the Parties (COP), at its 17th session, agreed on the functions and activities of the Standing Committee on Finance (SCF). One of the activities of the SCF is to provide to the COP draft guidance for the operating entities of the financial mechanism of the Convention, with a view to improving the consistency and practicality of such guidance, taking into account the annual reports of the operating entities as well as submissions from Parties. At this point in time, the two operating entities that this draft guidance refers to are the Global Environment Facility (GEF) and the Green Climate Fund (GCF).
2. The SCF, in its report to COP 18¹, stated that the SCF, beginning in 2013, will assume the role of providing to the COP draft guidance for the operating entities of the financial mechanism as per decision 2/CP.17, paragraph 121(c). Furthermore, it stated that it will prepare draft guidance to the COP based on, inter alia, the annual reports submitted by the operating entities and submissions of views from Parties on elements to be taken into account in developing guidance for the operating entities for recommendation to COP 19 and at subsequent sessions.
3. The COP, in decision 9/CP.18, requested the SCF to provide to the COP at each of its sessions, beginning in 2013, draft guidance to the GEF, based on the annual report of the GEF to the COP and the views submitted by Parties. Additionally, in decision 6/CP.18, Parties decided to provide initial guidance to the GCF at COP 19. The COP requested the GEF and the GCF to make their annual reports to the COP available as early as possible, and no later than 14 and 12 weeks prior to a session of the COP respectively. COP 18 invited Parties to submit to the secretariat annually, and no later than 10 weeks prior to the subsequent session of the COP, 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.
4. The SCF may wish to consider the establishment of a regular procedure for the provision of draft guidance to the operating entities on an annual basis, based on these mandates, as well as the discussions during the third meeting of the SCF². Moreover, the SCF may wish to engage in an initial discussion on potential elements of the draft guidance to the operating entities, as well as of the initial guidance to be provided to the GCF at COP 19.

II. Timeline for the provision of draft guidance to the operating entities

5. The establishment of such a regular procedure is dependent on the provision of inputs that the guidance is based on. This refers mainly to the submission of the reports of the operating entities, as well as the submission of views of Parties.
6. In terms of Parties submissions, the timeline has clearly been defined by COP 18 and the report of the GEF is traditionally transmitted to the secretariat in August, allowing sufficient time for the SCF to process the information contained therein.
7. On the other hand, the first report of the GCF was submitted only a few weeks before COP 18, due to the status of the operationalization of the GCF. As the last meeting of the GCF Board is expected to take place only in September 2013, it is expected that, regardless of the request by COP 18 to provide reports no later than 12 weeks before the COP, the report of the GCF may not be submitted before the 12 weeks period in light of the scheduling of their last meeting of the year, potentially not allowing the SCF sufficient time to base this year's drafting of the guidance to the GCF on information contained therein. Notwithstanding this, the SCF may wish

¹ FCCC/CP/2012/4.

² The report of this meeting is contained in document SCF/2013/3/7.



to consider whether to provide inputs and/or recommendations for the initial guidance to the GCF in its report to COP 19.

8. Based on the above, the SCF may want to take into consideration the below timeline for the year 2013 in order to procedurally structure its work in relation to the provision of draft guidance to the operating entities:

	Jun	Jul	Aug	Sep	Oct	Nov
Report of the GEF to COP 19			X			
Submissions from Parties: views and recommendations in writing on the elements to be taken into account in developing guidance to the operating entities (by 2 September 2013)				X		
Fifth GCF Board meeting (tentative)				X		
Report of the GCF to COP 19 (tentative)				X	X	
Fifth SCF meeting (tentative)				X		
Report of the SCF to COP 19					X	
Initial guidance to the GCF (COP 19)						X
Guidance to the operating entities, based on the annual reports of the operating entities (COP 19)						X

III. Potential elements of the draft guidance to the operating entities

9. As outlined in one of the background documents for the second meeting of the SCF (SC/2012/2/6), the SCF may consider to provide draft guidance or recommendations regarding issues such as, inter alia:

- a. The allocation of funding by the operating entities;
- b. Direct access through the operating entities;
- c. Responsiveness of the operating entities to decisions of the COP;
- d. Accountability of the operating entities;
- e. Consistency of reporting of the operating entities to the COP.

10. With regards to the initial guidance to be provided to the GCF, should the SCF wish to provide inputs and/or recommendations on this issue to COP 19, the SCF may wish to take into consideration: a) the relevant provisions in the Convention; b) decision 11/CP.1, containing initial guidance on policies, programme priorities and eligibility criteria to the operating entity or entities of the financial mechanism; d) the relevant decisions with regards to the GCF (decision 1/CP.16, 3/CP.17, 6/CP.18 and 7/CP.18); and e) any other source of information the SCF may deem useful in this context, including recent developments within the financial mechanism of the Convention.

IV. Modalities of work

11. In light of the tight timelines, which also highly depend on when the annual reports of the operating entities will become available, the SCF may wish to consider the working modalities employed by the SCF in order to provide the draft guidance in a timely manner and to allow for sufficient time for concrete work on this issue.

12. Potentially, the SCF may find it useful to differentiate the work on the draft guidance to the GEF from the work on the draft guidance to the GCF due to the uncertainty of when the 2013 GCF report will be made available.



13. In the case of the draft guidance to the GEF, the SCF may wish to form a working group that would liaise and collaborate on this issue inter-sessionally, once the report of the GEF becomes available expectedly in August. The inputs provided by this working group would, in turn, serve as inputs and basis for the finalization of the draft guidance to the GEF during the fifth meeting of the SCF. If need be, potential further work could be done inter-sessionally after the meeting, in which case the SCF would have to agree on the draft guidance to the GEF to be forwarded to COP 19 inter-sessionally.
14. Depending on the actual submission date of the GCF report, the SCF may not be able to have an initial discussion the report during its fifth meeting. Therefore, the SCF may wish to form a working group on this issue, allowing for members participating in this group to start working as soon as possible after the receipt of the report. In this case, the SCF may have to agree on the draft guidance to the GCF to be forwarded to COP 19 inter-sessionally.
15. Additional documents and materials that the SCF may wish to consider include, inter alia:
- a. “The United Nations Framework Convention on Climate Change: Conference of the Parties Guidance and GEF Responses 1995 – 2011”, prepared by the GEF;
 - b. And findings of the Fifth Overall Performance Study (OPS5) of the GEF³, including the “First Report: Cumulative Evidence on the Challenging Pathways to Impact” (the first report under OPS5), and “OPS5 Technical Document #4: Relevance of the GEF to the Conventions” (a quantitative and qualitative analysis of the nature of guidance issued by the COPs of the respective conventions to the GEF).
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³ To be found at <http://www.thegef.org/gef/OPS5>.