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## **Conference of the Parties**

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Item 11(b) of the provisional agenda

**Matters relating to finance**

**Report of the Standing Committee**

## **Report of the Standing Committee to the Conference of the Parties**

### *Summary*

This report contains information and recommendations on the work of the Standing Committee (SC) for 2012, including its 1<sup>st</sup> meeting, held in Bangkok, Thailand, from 6 to 8 September 2012 and its 2<sup>nd</sup> meeting held in Cape Town, South Africa, from 4 to 6 October. The report also contains the list of nominated SC members, the work programme of the SC for the period 2013–2015, the preliminary elements of the forum of the SC, and the committee's revised composition and working modalities.

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## **I. Introduction**

### **A. Mandate**

1. The Conference of the Parties (COP), by decision 1/CP.16, paragraph 112, established a Standing Committee (SC) under the COP to assist the COP in exercising its functions with respect to the financial mechanism of the Convention in terms of improving coherence and coordination in the delivery of climate change financing, rationalization of the financial mechanism, mobilization of financial resources and measurement, reporting and verification of support provided to developing country Parties.
2. The COP, at its seventeenth session, by decision 2/CP.17, paragraph 120, decided that the SC shall report and make recommendations to the COP, for its consideration, at each ordinary session of the COP on all aspects of its work.
3. Furthermore, the COP, by decision 2/CP.17, paragraph 123, requested the SC to develop a work programme based on the activities outlined in paragraph 121 of that decision for presentation to the COP at its eighteenth session.

### **B. Scope of the note**

4. This note contains the recommendations of the SC to be considered by the COP at its eighteenth session, and reports on all aspects of the work of the SC in 2012, including its 1<sup>st</sup> meeting, held in Bangkok, Thailand, from 6 to 8 September and its 2<sup>nd</sup> meeting, held in Cape Town, South Africa, from 4 to 6 October. It also contains the work programme of the SC for the period 2013–2015.

### **C. Recommendations for action by the Conference of the Parties at its eighteenth session**

5. The COP may wish to take note of the following:
  - (a) The members nominated by Parties to serve on the Standing Committee, contained in annex I, and the election of Ms. Diann Black Layne (Antigua and Barbuda) and Mr. Stefan Schwager (Switzerland) as chair and vice-chair for the first term of office;
  - (b) The work programme of the SC for 2013–2015, contained in annex II;
  - (c) The preliminary elements of the forum contained in annex III.
6. The SC recommends that the COP adopt the revised composition and working modalities of the SC as contained in annex IV.
7. The SC also recommends that the COP agrees that the chair and vice-chair of the SC shall serve as co-chairs of the SC, effective from the 1<sup>st</sup> meeting of the SC in 2013.
8. In relation to the mandated activity of the SC to provide expert input, including independent reviews and assessments, into the preparation and conduct of the periodic reviews of the financial mechanism by the COP, the committee recommends the following:
  - (a) That the Subsidiary Body for Implementation (SBI) initiates, at its thirty-seventh session, the review of the financial mechanism in accordance with the guidelines annexed to decisions 3/CP.4 and 6/CP.13;

(b) That the SC may develop additional guidelines to those mentioned in paragraph 8(a) above;

(c) That the SBI, in initiating the review, should take into account the decisions of the COP and other developments relating to finance under the Convention since the end of the fourth review;

(d) That the SC coordinates the fifth review of the financial mechanism based on the above-mentioned guidelines and prepares a report for consideration by the COP at its twentieth session;

(e) That the SC provides periodic informational updates to the SBI, beginning at its thirty-eighth session.

9. In relation to the mandated activity of the SC to provide to the COP draft guidance for the operating entities of the financial mechanism of the Convention, the Committee recommends the following measures:

(a) In 2012, a transitional year for the operationalization of the SC, the SBI, at its thirty-seventh session, will consider the report of the Global Environment Facility and prepare draft guidance for consideration by the COP;

(b) The SC, 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). 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 the COP at its nineteenth session and at subsequent sessions. This draft guidance may be taken into consideration by the COP when preparing a draft decision for adoption.

10. The COP may wish to take note of the discussions that the SC held on the role that the SC should play in the development of arrangements between the COP and the Green Climate Fund (GCF). The SC stands ready to play a role in the development of the arrangements between the COP and the GCF, as may be decided by the COP.

11. The SC recommends that the COP adopts a decision on changing the name of the SC to the "Standing Committee on Finance".

## **II. Proceedings of the first and second meetings of the Standing Committee**

### **A. Nomination of members**

12. The composition and working modalities of the SC stipulate that the SC shall be composed of 20 members nominated by Parties for approval by the COP, who shall have the necessary experience and skills, notably in the areas of climate change, development and finance, taking into account the need to achieve gender balance in accordance with decision 36/CP.7. Members shall serve for a period of two years, with the option of seeking additional terms.

13. As requested by the COP,<sup>1</sup> the secretariat has received nominations from all groups of Parties as indicated in the composition and modalities of the SC. The list of nominated members is contained in annex I.

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<sup>1</sup> FCCC/CP/2010/7, paragraph 51.

## **B. Election of officers**

14. In accordance with its composition and working modalities as contained in decision 2/CP.17, annex VI, paragraph 4, the SC elected, by consensus, Ms. Black Layne as its chair and Mr. Schwager as its vice-chair for 2012. The SC agreed that the chair and vice-chair of the SC shall collaborate in chairing the meetings of the SC, and in executing their duties throughout the year to ensure coherence between the meetings.

## **C. Meetings of the Standing Committee**

15. The 1<sup>st</sup> meeting of the Standing Committee was held in Bangkok from 6 to 8 September 2012. The committee discussed its functions and activities, modalities for work, and linkages with the SBI and other thematic bodies under the Convention. The meeting resulted in the preparation of a draft work programme of the Standing Committee for 2012–2015 for further elaboration at its next meeting. The committee also drafted elements for its working modalities for further consideration at its 2<sup>nd</sup> meeting.

16. The 2<sup>nd</sup> meeting of the Standing Committee was held in Cape Town from 4 to 6 October 2012. The objectives of the meeting were to finalize the work programme of the committee and to prepare recommendations for COP 18 relating to the draft guidance for the operating entities and input to the fifth review of the financial mechanism. The committee also discussed the preliminary elements of the forum, which it plans to organize in 2013. Furthermore, the committee discussed elements for its operational work plan for 2013, including discussions on the scheduling of possible tasks that would allow it to meet its mandated functions and activities.

17. In addition, the committee decided to work intersessionally on its operational work plan for 2013 and decided that the chair and vice-chair would undertake intersessional work on, inter alia, the following:

- (a) The preparation of the forum of the SC;
- (b) Further modalities of the work of the SC;
- (c) The operational plan of the SC for 2013.

18. In both of its 2012 meetings, the SC worked in plenary and in breakout groups to develop the various elements of its work programme and recommendations to the COP. The SC invited observers to express their views on the various issues discussed by the committee. It also allowed observers to participate in the deliberations of the working groups.

## **III. Work of the Standing Committee in 2012**

### **A. Development of the work programme of the Standing Committee for 2013–2015**

19. In accordance with decision 2/CP.17, paragraph 123, the SC has developed a work programme based on the activities outlined in paragraph 121 of that decision for consideration by the COP at its eighteenth session. This work programme is contained in annex II. Based on its work programme, the SC is preparing a more detailed operational annual work plan, including budgetary implications.

**B. Work on the forum of the Standing Committee**

20. The COP, at its seventeenth session, agreed on the functions and activities of the SC, including the organization of a forum for the communication and continued exchange of information among bodies and entities dealing with climate change finance in order to promote linkages and coherence.

21. In 2012, the SC worked on a strategy for the forum of the SC, and decided that to enable communication and continued exchange of information among bodies and entities dealing with climate change finance, the forum will be delivered through a dual modality: in person (once per year) and virtual (on a continuous and ongoing basis). Preliminary elements of the forum of the SC are contained in annex III.

**C. Modalities for the participation of observers in meetings of the Standing Committee**

22. The SC decided to admit observers from Parties and all accredited observers with the secretariat, including observers from the operating entities of the financial mechanism of the Convention, from funding entities (multilateral, bilateral, regional and national) involved in climate finance and from observer organizations from the private sector and civil society to attend SC meetings in order to observe and participate in the proceedings of the committee.

**D. Modalities of work of the Standing Committee**

23. The SC agreed that it may, at a later stage, further elaborate its modalities to further facilitate its work.

## Annex I

### Nominated members of the Standing Committee

#### 1. Parties included in Annex I to the Convention

Mr. Gregory Andrews (Australia)  
Mr. Jozef Buys (Belgium)  
Mr. Erik Naeraa-Nicolaisen (Denmark)  
Mr. Stefan Agne (European Union)  
Ms. Outi Honkatukia (Finland)  
Mr. Ulf Moslener (Germany)  
Mr. Teruhiko Shinada (Japan)  
Mr. Georg Børsting (Norway)  
Mr. Stefan Schwager (Switzerland)  
Mr. Paul Bodnar (United States of America)

#### 2. Parties not included in Annex I to the Convention

##### Africa

Mr. Ali Daud Mohammed (Kenya)  
Mr. Houssen Alfa Nafo (Mali)

##### Asia and the Pacific

Mr. Syed Mujtaba Hussain (Pakistan)  
Mr. Ayman Shasly (Saudi Arabia)

##### Latin America and the Caribbean

Mr. Paul Herbert Oquist Kelley (Nicaragua)  
Mr. Raymond Landveld (Suriname)

##### Least developed countries

Ms. Edith Kateme-Kasajja (Uganda)

##### Non-Annex I

Mr. Kyekyeku Yaw Oppong Boadi (Ghana)  
Ms. Bernarditas Muller (Philippines)

##### Small island developing States

Ms. Diann Black Layne (Antigua and Barbuda)

## Annex II

### Work programme of the Standing Committee for 2013–2015

#### I. Background

1. The Conference of the Parties (COP), at its sixteenth session, agreed to establish a Standing Committee (SC) to assist the COP in relation to the financial mechanism of the Convention. At COP 17, the Parties further defined the roles and functions, and the composition and working modalities, of the SC by decision 2/CP.17. Through paragraph 123 of that decision it was decided that the SC should develop a work programme based on its activities for presentation to the COP at its eighteenth session.

2. As the COP will conduct a review of the functions of the SC in 2015, this work programme covers the work of the SC for the period up until the review, namely 2013–2015.

#### II. Mandated functions and activities

3. The SC will assist the COP in exercising its functions with respect to the financial mechanism of the Convention through its mandated functions and activities. By decision 2/CP.17, paragraph 121, the mandated functions of the SC are:

- (a) Improving coherence and coordination in the delivery of climate change financing;
- (b) Rationalization of the financial mechanism;
- (c) Mobilization of financial resources;
- (d) Measurement, reporting and verification of the support provided to developing country Parties.

4. Furthermore, by decision 2/CP.17, paragraph 122, it was decided that that the SC shall perform any other functions that may be assigned to it by the COP.

5. Decision 2/CP.17, paragraph 121, identifies activities through which the SC will assist the COP in exercising its functions with respect to the financial mechanism, such as the following:

- (a) Organizing a forum for the communication and continued exchange of information among bodies and entities dealing with climate change finance, in order to promote linkages and coherence;
- (b) Maintaining linkages with the Subsidiary Body for Implementation and the thematic bodies of the Convention;
- (c) Providing 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 and submissions from Parties;
- (d) Making recommendations on how to improve the coherence, effectiveness and efficiency of the operating entities of the financial mechanism;



(e) Providing expert input, including through independent reviews and assessments, into the preparation and conduct of the periodic reviews of the financial mechanism by the COP;

(f) Preparing biennial assessments, overview of climate finance flows, to include information on the geographical and thematic balance of such flows, drawing on available sources of information, including national communications and biennial reports of both developed and developing country Parties, information provided in the registry, information provided by Parties on assessments of their needs, reports prepared by the operating entities of the financial mechanism, and information available from other entities providing climate change finance.

### **III. Work programme of the Standing Committee for 2013–2015**

6. Based on the mandated functions and activities of the SC stated above, and taking into account discussions during its meetings in 2012 and submissions by members, the SC presents the following work programme for 2013–2015, consisting of mandated and additional function-related activities, as shown in the table on the following pages.

Table  
**Work programme of the Standing Committee for 2013–2015**

<i>Activities</i>	<i>Outcomes/results</i>	<i>Time frame</i>	<i>Corresponding mandated function(s)</i>
<b>1. Mandated activities</b>			
(a) Organize a forum for the communication and continued exchange of information among bodies and entities dealing with climate change finance in order to promote linkages and coherence	Forum established, consisting of two parts: in-person forum meetings and a virtual online forum	Mid-2013: virtual forum launched	All mandated functions
	Established linkages and continued exchange with bodies and entities dealing with climate finance, internal and external to the Convention	Mid- to late 2013: in-person forum meeting held Meeting held annually	
(b) Maintaining linkages with the Subsidiary Body for Implementation (SBI) and the thematic bodies of the Convention	Recommendations on linkages presented to the Conference of the Parties (COP). Established linkages with the SBI	COP 19	Improving coherence and coordination in the delivery of climate change financing /rationalization of the financial mechanism
	Established linkages with the thematic bodies of the Convention	Ongoing	
(c) Providing 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 and submissions from Parties	Draft guidance provided to the COP	COP 19 onwards	Improving coherence and coordination in the delivery of climate change financing /rationalization of the financial mechanism
(d) Making recommendations on how to improve the coherence, effectiveness and efficiency of the operating entities of the financial mechanism	Recommendations provided to the COP, as appropriate	COP sessions	Improving coherence and coordination in the delivery of climate change financing /rationalization of the financial mechanism
(e) Providing expert input, including through independent reviews and assessments, into the preparation and conduct of the periodic reviews of the financial mechanism by the COP	Expert input into the fifth review of the financial mechanism provided to the COP	COP 20	Improving coherence and coordination in the delivery of climate change financing /rationalization of the financial mechanism

<i>Activities</i>	<i>Outcomes/results</i>	<i>Time frame</i>	<i>Corresponding mandated function(s)</i>
(f) Preparing a biennial assessment, overview of climate finance flows, to include information on the geographical and thematic balance of such flows	First biennial assessment presented at COP 20	COP 20	Measurement, reporting and verification of the support provided to developing country Parties
	Second biennial assessment initiated in 2015	Possibly COP 22	

<i>Functions</i>	<i>Output/results</i>	<i>Time frame</i>
<b>2. Functions of the Standing Committee</b>		
Improving coherence and coordination in the delivery of climate change financing, including the undertaking of analyses and information exchanges	Recommendations provided to the COP, as appropriate Exchanges through the forum, as appropriate	COP sessions, ongoing
Rationalization of the financial mechanism, including the undertaking of analyses and information exchanges	Recommendations provided to the COP, as appropriate Exchanges through the forum, as appropriate	COP sessions, ongoing
Mobilization of financial resources, including the undertaking of analyses and information exchanges	Recommendations provided to the COP, as appropriate Exchanges through the forum, as appropriate	COP sessions, ongoing
Measurement, reporting and verification of the support provided to developing country Parties, including the undertaking of analyses and information exchanges	Recommendations provided to the COP, as appropriate Exchanges through the forum, as appropriate	COP sessions, ongoing
<b>3. Other functions assigned by the Conference of the Parties</b>		
Any other functions that may be assigned to the Standing Committee by the Conference of the Parties	-	-

## **Annex III**

### **Preliminary elements of the forum of the Standing Committee**

#### **I. Background**

1. The Conference of the Parties (COP), at its seventeenth session, agreed on the functions and activities of the Standing Committee (SC), including the organization of a forum for the communication and continued exchange of information among bodies and entities dealing with climate change finance in order to promote linkages and coherence.

2. At COP 1, Parties decided that outside the framework of the financial mechanism, consistency should be sought and maintained between activities (including those related to funding) relevant to climate change undertaken outside the framework of the financial mechanism and the policies, programme priorities and eligibility criteria for activities as relevant, established by the COP (decision 11/CP.1, paragraph 2).

#### **II. Objectives, intended participants, and themes and topics of the forum**

##### **A. Objectives**

3. The main objective of the forum, as per decision 2/CP.17, paragraph 121(a), is to facilitate communication and continued exchange of information among bodies and entities dealing with climate change finance, in order to promote linkages and coherence.

4. The forum may also serve as a mechanism for the engagement of relevant stakeholders with regard to relevant inputs for discussions and recommendations on the mandated functions of the SC.<sup>1</sup>

##### **B. Participants**

5. Consistent with these objectives, the intended participants of the forum are entities, organizations, institutions and individuals involved (or who have the potential to become involved) in climate change finance in a meaningful and relevant manner, internal and external to the Convention. The participants may also include practitioners of climate finance, who have relevant experience in the field.

##### **C. Themes and topics**

6. The forum will have themes and topics that may be consistent with the objectives of the forum and will be specific and relevant to the work of the committee. The SC may, as it deems necessary, reconsider the themes and topics of the forum to ensure that they are continually relevant to the objectives of the forum and the SC.

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<sup>1</sup> Decision 2/CP.17, paragraph 121.

### **III. Structure and design of the forum**

7. To enable communication and the continued exchange of information among bodies and entities dealing with climate change finance, the forum will be delivered through a dual modality: an in-person forum meeting and a virtual forum. The organization and arrangements of the forum will be undertaken by the SC with the support of the secretariat.

8. The SC may invite potential partners to provide additional support to the forum, and may consider undertaking joint activities for the forum with partners and other stakeholders.

9. Where feasible, preparatory meetings at the regional level may also be organized.

#### **A. In-person forum meetings**

10. The in-person forum meetings are to be held annually and may be held in conjunction with a meeting of the SC, or alternatively back-to-back with a climate finance event that the SC deems relevant to the work of the committee. Invitations shall be extended to all stakeholders of climate finance (as identified above) including practitioners involved in climate finance in the field. The size of the in-person forum meeting should be large enough to ensure a diverse and representative participation of all stakeholders.

11. If the forum is held back-to-back with another event, the SC should ensure that the other event will not dilute or overshadow the themes and objectives of the forum.

12. The in-person forum meeting may consist of round-table discussions made up of diverse experts, with the discussions being based on specific topics relevant to the themes of the forum. The meeting may contain multiple discussions occurring simultaneously, as not all stakeholders may have an interest or contain expertise in all topics of discussion.

13. The in-person forum meeting may also include the use of live webcasts to allow for the participation and virtual attendance of stakeholders unable to attend in person. This may include allowing stakeholders to interact in meeting discussions electronically and to submit questions and comments by social media tools such as Twitter and Facebook.

14. A report summarizing the outcomes of each forum meeting may be prepared for consideration by the SC following the conclusion of the meeting. The SC may consider the outcomes of the forum when addressing its core functions and may consider incorporating them in its annual report to the COP. The relevant materials presented at the forum and the report may be uploaded to the SC website for reference.

#### **B. Virtual forum**

15. The virtual forum refers to an ongoing and continuous multidirectional exchange of information among participants through a web based platform. This will allow ongoing interactions and continued exchanges of information to take place between all climate finance stakeholders.

16. By means of the virtual forum, participants will be encouraged to share relevant knowledge and information, including reports and technical analyses, with other stakeholders and members of the SC. The virtual forum may also serve as an ideas and practices marketplace, where all stakeholders can submit papers and links regarding both ideas and practices relating to climate finance. This will allow all stakeholders to share their ideas and information on climate change finance, creating in the process a valuable knowledge database for a continued exchange of information.

17. The virtual forum would also allow for the possibility of undertaking and hosting online discussions relating to issues of interest for the SC and its stakeholders through e-forums, webinars, online submissions of inputs, the uploading of videos and other mechanisms. These discussions would be moderated to ensure that they remain relevant for the stakeholders.

18. This virtual or electronic modality may make extensive use of social media tools such as Facebook, Twitter, YouTube and others, as these tools may prove valuable in promoting linkages between stakeholders.

19. The virtual forum may also allow for the dissemination of the findings and recommendations of the in-person forum meetings to those stakeholders unable to attend the meetings in person.

## Annex IV

### Revised composition and working modalities of the Standing Committee

Note: proposed changes to annex VI to decision 2/CP.17 are indicated below in italics.

1. The Standing Committee shall be composed of the following:
  - (a) Ten members from Parties included in Annex I to the Convention (Annex I Parties);
  - (b) Ten members from Parties not included in Annex I to the Convention (non-Annex I Parties), including two members each from the African, Asia-Pacific, and the Latin America and Caribbean States, one member from a small island developing State and one member from a least developed country Party.
2. The Standing Committee shall be composed of members nominated by Parties for approval by the Conference of the Parties, who shall have the necessary experience and skills, notably in the areas of climate change, development and finance, taking into account the need to achieve gender balance in accordance with decision 36/CP.7.
3. Standing Committee members shall serve for a term of two years, with the option of seeking additional terms. The term of Standing Committee members currently in office shall officially end immediately before the first meeting of the Standing Committee in 2015.
4. The Standing Committee shall elect annually *two co-chairs* from among its members for a term of one year each, with one being a member from a non-Annex I Party and the other being a member from an Annex I Party. *The term of the co-chairs of the Standing Committee currently in office shall officially end immediately before the first meeting of the Standing Committee in 2014.*
5. Observers from Parties and all accredited observer organizations with the secretariat, including observers from the operating entities of the financial mechanism of the Convention, from funding entities (multilateral, bilateral, regional and national) involved in climate finance, and from observer organizations from the private sector and civil society admitted to the Convention, may be admitted to attend Standing Committee meetings in order to observe and participate in the proceedings.
6. The Standing Committee shall draw upon additional expertise as it may deem necessary.
7. The Standing Committee shall meet at least twice per year, or more if necessary, and its first meeting shall take place prior to the thirty-sixth session of the Subsidiary Body for Implementation.
8. The Standing Committee shall reach its conclusions by consensus.
9. The secretariat shall provide administrative support for the work of the Standing Committee.
10. The Conference of the Parties will conduct a review of the functions of the Standing Committee in 2015.
11. The Standing Committee may further elaborate its modalities to further facilitate the work of the committee.