

2 October 2011

English only

**Ad Hoc Working Group on Long-term Cooperative Action
under the Convention**

**Fourteenth session, part three
Panama City, 1–7 October 2011**

Agenda item 3.4

Finance

**Submission by Pakistan on the UNFCCC Standing
Committee on the Financial Mechanism of the Convention**

1. On 2 October 2011, the secretariat received a submission from Pakistan. The secretariat was requested to issue a conference room paper containing this submission.
2. This submission is attached and reproduced¹ in the language in which it was received and without formal editing. The submission has also been posted on the UNFCCC website.²

¹ This submission has been electronically imported in order to make it available on electronic systems, including the World Wide Web. The secretariat has made every effort to ensure the correct reproduction of the text as submitted.

² <http://unfccc.int/meetings/ad_hoc_working_groups/lca/items/4578.php>.

Submission by Pakistan

UNFCCC Standing Committee on Financial Mechanism of the Convention

1. Pakistan considers the operationalization of the UNFCCC Standing Committee for the Financial Mechanism as an essential element of a Durban Outcome. It is therefore considered important to outline the Standing Committee's scope and nature, key functions and composition which should be agreed at CoP-17.

Scope and Nature

2. In accordance with Cancun Decision 1/CP 16 paragraph 112, the Standing Committee will assist Conference of the Parties in exercising its functions with respect to the financial mechanism of the Convention through:

- a. improving coherence and coordination in the delivery of climate change financing;
- b. rationalization of the financial mechanism;
- c. mobilization of financial resources, and;
- d. MRV of support provided to developing country Parties.

3. The Standing Committee should be a Subsidiary body of the UNFCCC. It should not be a decision making entity but should report directly to the CoP in accordance with Article 11.1 of the Convention.

4. The Standing Committee should assist the CoP in the oversight of the Financial Mechanism to ensure that the operating entities function under the guidance of and be accountable to the CoP.

5. The Standing Committee should be representative in nature with balanced and equitable representation in accordance with Article 11.2 of the Convention.

6. The Standing Committee should meet as many times as required and be assisted by a dedicated Technical Support Unit designated by the UNFCCC Secretariat in accordance with Article 12.1 of the Convention.

Key Functions

7. To assist the CoP in exercising its functions with respect to the Financial Mechanism pursuant to Decision 1 CP 16 paragraph 112, the Standing Committee should, inter alia, help inform and improve the guidance to the financial mechanism apart from enhancing the periodic review of the financial mechanism. To this end, the Standing Committee should:

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- a. provide the COP with
 - i. draft guidance for the Operating Entities of the Financial Mechanism of the Convention;
 - ii. draft decisions/recommendations on the coordination between the operating entities of the Financial Mechanism of the Convention;
 - iii. draft decisions/recommendations on the relationships between the UNFCCC thematic bodies and the Financial Mechanism;
 - iv. draft decisions/recommendations on rationalizing the Financial Mechanism;
 - v. recommendations/guidance to all actors involved in climate finance, with a view to improving coherence in delivery of finance and complementarity in their approaches, including comparable standards, guidelines, and rules of allocation;
 - vi. recommendations/guidance with regard to overcoming thematic and geographical imbalances in the international flows of climate finance;
 - b. assist CoP in conducting reviews of, inter alia:
 - i. the accountability of the Operating Entities to the COP, inter alia by commissioning independent external evaluations;
 - ii. operational rules and modalities of Operating Entities;
 - iii. modalities of the Operating Entities with respect to implementation of Art. 11.3 (b) of the Convention;
 - iv. modalities for reporting and verifying financial support, including certification by recipient countries (if applicable);
 - v. resource access modalities, including direct access;
 - vi. comparable standards, guidelines, and rules for the allocation of finance;
 - vii. contractual arrangements between the COP and Operating Entities;
 - viii. the scale of assessed contribution, if applicable;
 - ix. the adequacy of resources, in particular the needs for, and sources and flows of, international financial support.
 - c. develop sustainable mechanism for reporting and verifying financial support provided to developing country Parties by:
 - i. setting up and managing a Financial Support Registry to record all relevant information on financing channels, both inside and outside the Financial Mechanism, particularly with reference to the information required in performing the review functions;

- ii. requesting/inviting Operating Entities and other entities involved in providing climate finance to provide the required information;
 - iii. acting as a platform of consultation with private sector and civil society, as well as with multilateral and bilateral funding entities;
 - iv. liaising on all relevant matters with other relevant bodies – in particular, but not solely, with Convention bodies such as the Adaptation Committee and Technology Executive Committee;
 - v. accounting financial flows against obligations under the Convention, including, assessed contributions;
 - vi. managing certification by recipient countries, if applicable;
- d. support the mobilization of financial resources, including from the private sector, by inter alia:
- i. developing policy frameworks for mobilizing supplementary finance sources for the guidance of, and recommendation to, the Operating Entities;
 - ii. commissioning independent studies on the topic.
- e. carry out any other task/function assigned by the CoP.
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