



Submissions to the fifth meeting of the Standing Committee on Finance

I. Background

1. The Standing Committee on Finance (SCF), at its fourth meeting, invited its members to provide inputs on various issues, by 31 July 2013, for consideration during the fifth meeting of the SCF. This included issues relating to: the work programme on long-term finance; the measurement, reporting and verification (MRV) of support; the draft guidance to the operating entities of the financial mechanism; as well as the fifth review of the financial mechanism.
2. In response to this call, five SCF members provided various inputs. All submissions, as received as at 23 August 2013, are contained in alphabetical order in annex I to this document.
3. Furthermore, the SCF received inputs from one Party and one thematic body under the Convention. Those inputs are contained in annex II to this document.
4. Additionally, the SCF invited observers and interested organizations to submit to the secretariat, by 31 July 2013, information on the MRV of support, as well as the biennial assessments and overview of climate finance flows that the committee will conduct next year. Inputs received will be considered by the SCF during its fifth meeting.¹

¹ All submissions received in this regard are available at: <https://unfccc.int/7561.php>.



Annex I – Submissions SCF members

1. Edith Katheme-Kasajja

COMMENTS ON THE FIFTH REVIEW OF FINANCIAL MECHANISM GUIDELINES

A. OBJECTIVES

- We need to have one objective added that addresses the ability of the FM in enabling LDCs to have *direct access to the climate finance* while ensuring that recipient countries have ownership of the projects funded.
- Another objective of the fifth review needs to be added that picks up the examination of how effective the FM has been in mobilizing new, additional, adequate and predictable climate finance to fund adaptation activities in developing countries.

B. CRITERIA

The capacity of the FM in mobilizing additional climate finance especially to fund adaptation projects needs to be addressed

C. METHODOLOGY

The SCF must be seen to be relevant by ensuring that it undertakes some independent reviews of the FM. The reviews of the FM need to draw information from reports produced by the SCF. Important that this is reflected in the sources of information to be utilized so that when such reports are produced they are not for shelves.

2. Syed Mujtaba Hussain

SUBMISSION FROM SYED MUJTABA HUSSAIN, SCF MEMBER

1. FIFTH REVIEW OF THE FINANCIAL MECHANISM

Discussions during the last SCF meetings came out with certain ideas that are not reflected in the latest documents prepared by the Secretariat. Some of these ideas are as follows:

i) **Direct access**

One issue is that of direct access which is currently missing in the guidelines. Adaptation Fund has pioneered this idea and GEF has started a more limited approach towards direct access.

Under objectives:

Assessing the effectiveness of the Financial Mechanism (FM) in providing direct access of the developing countries to the funds and enhancing developing countries ownership in every step of the program/project cycle including decision making process.

ii) **Independent reviews and assessments**

In the past the key input into the review of the FM was the performance review of the GEF carried out by the GEF Evaluation Office on the basis of ToRs approved by the GEF Council. However, the CoP has not been able to set the ToRs for such reviews although this would seem reasonable since the CoP has to ensure the implementation of the objectives of the Convention (including article 2) while the GEF also serves other purposes and of course of the GEF Council. **The Governing instrument of the GCF gives the CoP the mandate to undertake independent reviews. Decision 2/CP.17 (para 121 e) mandates the Standing Committee to provide expert input into the review through independent reviews and assessments.**

These independent reviews could explicitly be listed under the potential information sources to be taken into account even if it is not clear when the CoP/SCF would undertake these reviews.

iii) **Performance Indicators**

A potential means to also compare the efficiency and effectiveness of the operating entities and other channels under article 11.5 are performance indicators. The ANNEX provides some examples from and partial



comparisons between the Adaptation Fund and the GEF. **The SCF may consider institutional innovations that have emerged over the past few years and discuss how far to include performance indicators in the review and which ones.**

iv) Inclusiveness regarding stakeholders in the decision-making and implementation

While the existing guidelines contain as one criterion as “the transparency in decision making “ this falls far short from a comprehensive review of the modalities of stakeholder inclusion in decision-making and implementation. **A criterion could be added in the guidelines that allow a review in this regard.**

v) Designation of Adaptation Fund

The SCF in its further guidelines to the Fifth review of the FM, should have a fresh look at the status of the AF in the light of recent developments under the Convention and its Kyoto Protocol. The AF may also be considered as the operating entity of the FM with the dedicated task of addressing adaptation with the help of balanced allocation of resources available under the Convention. So far this issue is not addressed in the guidelines.

2. MRV OF SUPPORT/BIENNIAL ASSESSMENTS/OVERVIEW OF FINANCIAL FLOWS

According to decision 5/CP.18 para 11 of Doha decisions: Requests the Standing Committee for preparing the First Biennial Assessment (BA) and overview of financial flows to consider ways of strengthening methodologies for reporting climate finance.

It is important to note that the last request does not cover the full scope of MRV. The BA as such does not fulfill the mandate given by CoP with regard to MRV.

According to Biennial Reporting guidelines there should be a mechanism to assess and verify information given on provision of financial, technology and capacity building support. Once parties have given this information, a task for the SCF could be to check whether Parties have sufficiently responded to it.

The work done by SBSTA covers only development of a common tabular format for electronic reporting of information by the Annex-II parties including on support to developing countries (para 16 of decision 2/CP.17 of Durban). This information should be considered also together with the information to be provided by non-Annex-I parties on finance, technology and capacity building needs and support received within the context of UNFCCC biennial update reporting (BURs) for parties not included in Annex-I to the Convention. It must be recalled that the First BURs should be submitted by non- Annex I parties, **consistent with their capabilities and the level of support provided (para 41-a) on the basis of full cost funding (para 41-e) as contained in decision 2/CP.17 also covers only the reporting part of the MRV.**

The SCF should therefore recommend to the CoP further development of an effective MRV mechanism for it to be able to perform its functions as mandated by the CoP.

Potential activities

- i) Develop ToR of the BA by clarifying the scope and sources of information. The elements identified by the Secretariat are a good starting point.
- ii) With the part of overview of financial flows (inputs), mapping of sources should be done and provided for the next SCF meeting. This could also be used as part of the expert input by the SCF on the LTF.
- iii) The SCF may request the Secretariat to update the technical paper on investment and financial flows to address climate change.
- iv) An inf document compiling the submissions made by the developed countries on the appropriate methodologies and systems used to measure and track climate finance (to be submitted in 2014).

3. LONG TERM FINANCE

The SCF is requested to support implementation of the work program by providing expert inputs.

One important provision is contained in para 8 of decision 4/CP.18 in which it was agreed to continue with the existing processes within the convention for assessing and reviewing the needs of the developing country parties for financial resources to address climate change and its adverse effects including the identification of options for mobilization of these resources and the adequacy, predictability, sustainability and accessibility of these resources.



This means that given the functions of the SCF, it is the most relevant body best suited to continue with the work of Long Term Finance. One approach could be to link the discussions at the Long Term Finance events with the outcome of the work of SCF Forum in order to identify key issues that need to be addressed further.

3. Bernarditas Muller

ADDITIONAL GUIDELINES FOR THE 5TH REVIEW OF THE FINANCIAL MECHANISM OF THE CONVENTION

- based on the draft consolidation guidelines for the review of the financing mechanism as circulated by the FTC of the Standing Committee on Finance.
- additions, amendments and revisions proposed are in *italics and action in CAPITAL LETTERS*)

A. Objectives

1. (a) (ii) bis
the determination of how the Green Climate Fund and the Global Environment Facility, as operating entities of the financial mechanism of the Convention, fulfill the requirement of accountability to the Conference of the Parties
(Note: This determination could be made through the reports of the GCF and GEF, the reports of the GEF Evaluation Office; any entity that might be put up by the GCF in accordance with paragraph 60 of its Instrument as “an operationally independent evaluation unit as part of the core structure of the Fund”; and any independent assessment of the overall performance of the Fund, including Board performance, as specified in paragraph 62 of its Instrument)
- (a) (ii) (v) *ADD* after “*providing*” and before “*resources*”, the words “*new and additional, adequate and predictable*”;
and at the end “*taking into account appropriate burden sharing among the developed country Parties*”
(Note: This is language in accordance with the Article 4.3 of the Convention)
- (b) (i) in the first line, *ADD* “*channels*” between “*sources*” and “*and*”;
 - in the second line, *DELETE* “*that would assist*” and replace with “*availed of by*” ;
 - at the end of the second line, *DELETE* “*to contribute to the achievement of the objective of*” and replace with “*for the implementation of the Convention*”;
 - at the third and fourth lines *DELETE* from “*in particular*” to the end and replace with “*including support for the development and enhancement endogenous capacities and technologies of developing country Parties.*”
(Note: This language is coherent with Article 11.5 and Article 4.5 of the Convention, as well as the provision in Article 11.1 which states that the financial mechanism is a mechanism for“... the provision of financial resources on a grant and concessional basis, **including for the transfer of technology...**” (bold letters supplied) .
- 1 (b) (ii) *ADD* before “*scaling up*“, “*mobilizing and pathways for*” and after “*the level of resources*” *ADD* “*by developed country Parties*”
(Note: This is consistent with the language in Decision 4/CP.18 –Work Programme on long-term finance, paragraph 2).
- 1(b)(iii) *ADD* after “*assessing enabling environments*”, “*of all Parties*”
(Note: This is consistent with Decision 4/CP.18, para. 2)

B. Methodology

- 2 (a): *ADD* at the end of the first line “*including information provided in accordance with paragraph 93 (e) of Decision 2/CP.17 and paragraph 19 (b) of Decision 1 /CP.18*”.



2 (b) *ADD at the end of the sentence: “on policies,, programme priorities and eligibility criteria, and the accountability of the operating entities of the financial mechanism to the COP”*
(Note: This is in accordance with Article 11.1 of the Convention)

2(f) *ADD in the first line after “the COP”, “on its initial policies and measures as well as” ...on its activities as the operating entity of the financial mechanism...*

2 (fbis) *ADD “The report of the Adaptation Fund Board as well as the technical paper of the secretariat mentioned in paragraph 12 of Decision XX/CMP.8”*
(Note: The financial mechanism of the Convention also serves as the financial mechanism of the Kyoto Protocol and a review of the financial mechanism should take into account all funds under the KP).

2 (g) *DELETE after UN “...Commission on Sustainable Development” and REPLACE with “agencies dealing with climate change financing”, and ADD “information from institutions outside of the framework of the financial mechanism, such as Article 11.5 institutions, including information provided at the Forum organized by the Standing Committee on Finance and the work programme on long-term finance.”*

2 (h) *DELETE from the third to the end of the sub-paragraph, the phrase “as well as information on.....resilience to climate change”*
(Note: This is not the remit of the IPCC, for one, and should be in conformity with paragraph 2 of Decision 4 /CP.18 in its entirety. Moreover, it could be part of 2 (i) as an update of the paper by the secretariat on financial needs on the one hand, and on financial and investment flows on the other as may be requested by the COP for the 5th review in 2014. The papers should also include a technical paper on an assessment of the lessons learned from fast-start finance, FSF, to determine whether it has conformed to paragraph 95 of Decision 1/CP.16 , taken from para. 8 of the Copenhagen Accord. A separate COP decision on the technical papers to be prepared by the secretariat for COP 20 should be taken at COP 19.)

2 (k) *ADD:*

(v) *The Special Climate Change Fund*

(vi) *The Least-Developed Country Fund and relevant reports of the LDC Expert Group (LEG)*

(Note: the review of the financial mechanism should include all funds under the Convention. This is also consistent with the function of the SCF on coherence of funds both inside and outside the Convention).

C. Criteria

3 (a) *ADD at the end of the line “of all funds under the Convention and its Protocol, and in particular the operating entities of the financial mechanism, the GCF and the GEF”*

(Note: Not all decision-making processes under the Convention should be assessed as to its transparency, but only those related to financing)

3 (b) *REVISE as follows” The adequacy, predictability and accessibility of financial resources provided to developing country Parties, and the timely disbursement of funds...” until the end of the sub-paragraph.*

3 (d) *ADD after “provided to”, the phrase “and reported as received by”*

3 (e) *ADD at the end “and the amount of co-financing required by the operating entities of the financial mechanism, if any, in all funds under the Convention”*

3 (f) *REVISE as follows: “the sustainability of funding for climate change projects/programmes in developing country Parties from all sources and through all channels”.*



SUBMISSION OF MS BERNARDITAS MULLER FOR REVISIONS/ADDITIONS ON DRAFT CONSOLIDATED GUIDELINES FOR THE FIFTH REVIEW OF THE FINANCIAL MECHANISM OF THE CONVENTION

All revisions/additions are in *italics*.

A. OBJECTIVES

1. In accordance with Article 11.4 of the Convention, the objectives 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;
- (ii) Its conformity and the guidance of the Conference of the Parties (COP);
- (iii) *(new) The determination of how the Green Climate Fund and the Global Environment Facility, as operating entities of the financial mechanism of the Convention, fulfill the requirement of accountability to the COP;*
- (iv) The effectiveness of the activities it funds in *meeting the agreed full costs and agreed full incremental costs incurred by developing country Parties in complying with their obligations under Article 12, paragraph 1 and in implementing the Convention;*
- (v) 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
- (vi) Its effectiveness in providing *new and additional, adequate and predictable* resources to developing country Parties under Article 4.3 of the Convention, *taking into account appropriate burden sharing among developed country Parties.*

(b) to examine how to facilitate consistency in financing activities and how to improve the complementarity of the financial mechanism with 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~~ *availed of by* developing countries to contribute to the achievement of the objective of the Convention, ~~in particular innovative means of financing, such as including support for the development and enhancement of endogenous capacities and technologies of developing country Parties;~~
- (ii) Examining the role of the financial mechanism in *mobilizing and pathways for* scaling up the level of resources by developed country Parties; and
- (iii) Assessing enabling environments *of all Parties* for catalyzing investment in, and the transfer of, ~~sustainable environmentally-sound technologies and know-how that mitigate greenhouse gas emissions, and for enhancing resilience to climate change~~ *adaptation to the adverse effects of climate change.*

B. Methodology

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

- (a) Information provided by the Parties on their experiences regarding the financial mechanism, *and on support provided and received, possible needs and gaps and other relevant information as provided for in paragraph 93 (e) of Decision 2/CP.17 and needs for financial, technology and capacity-building support for the preparation and implementation of specific measurable, reportable and verifiable nationally-appropriate mitigation actions, as well as support available and provided, access modalities and related experience gains, as provided for paragraph 19 (b) of Decision 1 /CP.18;*
- (b) Annual reviews by the COP on the conformist of he activities of the financial mechanism with the guidance of the COP *on policies, programme priorities and eligibility criteria, and the accountability of the operating entities of the financial mechanism to the COP;*



- (c) The annual report of the Standing Committee on Finance (SCF) to the COP on its activities and other relevant information documents regarding the SCF;
- (d) The annual report of the Global Environment Facility (GEF) to the COP on its activities as *an* operating entity of the financial mechanism, the annual reports of the GEF and other relevant GEF policy and information documents;
- (e) Reports from the GEF monitoring and evaluation programmes;
- (f) The annual report of the Green Climate Fund (GCF) to the COP on its activities as *an* operating entity of the financial mechanism the annual reports of the GCF and other relevant policy and information documents;
- (g) *Reports of the GCF's independent evaluation unit (n.b. para. 61 of the GI) and any independent assessment of the overall performance of the Fund, including Board performance to be commissioned by the COP (n.b. paragraph 62 of the GI);*
- (h) *The report of the Adaptation Fund Board, including the status of resources of the Fund, trends in the flow of resources and any identifiable causes of these trends (n.b. paragraph 5, Decision 3/CMP.8), and the technical paper prepared by the secretariat as requested in paragraph 12 of Decision 3/CMP.8;*
- (i) Reports from the UN agencies dealing with climate change financing, ~~relevant bilateral and multilateral funding institutions~~ and information from institutions outside of the framework of the financial mechanism such as Article 11.5 institutions, including information provided at the first Forum organized by the SCF and the work programme on long-term finance;
- (j) All relevant information provided by other intergovernmental and non-governmental organizations, including in particular the *relevant* portions of the Assessment Reports of the Intergovernmental Panel on Climate Change, ~~as well as information on enabling environments for catalyzing investment in, and the transfer of, sustainable technologies that mitigate greenhouse gas emissions and for enhancing resilience to climate change;~~
- (k) Technical papers and reports prepared by the secretariat upon the request of the COP, which are relevant to the financial needs of developing countries under the Convention, *including a technical paper on an assessment of lessons learned from fast-start finance, FSF, to determine its conformity with paragraph 95 of Decision 1/CP.16;*
- (l) Information contained in the national communications of Parties to the Convention, technology needs assessments and national adaptation programmes of action, *taking into account the agreed methodologies on a common tabular format for UNFCCC biennial reporting guidelines for developed country Parties (n.b. Decision 19/CP.18 and its Annex); and*
- (m) Relevant information available on the following:
 - (i) Private-sector financing and investment for climate change activities;
 - (ii) Fast-start finance *including the technical paper to be prepared by the secretariat as requested in paragraph (k) above;*
 - (iii) The initial review of the Adaptation Fund;
 - (iv) The reports of the work programme on long-term finance;
 - (v) *The GEF report on the Special Climate Change Fund; and*
 - (vi) *The GEF report on the Least-developed Country Fund and reports of the LDC Expert Group (LEG)*

C. Criteria

3. The effectiveness of the financial mechanism will be assessed taking into account the following:



- (a) The transparency of decision-making processes of all Funds under the Convention and its Protocol, and in particular the operating entities of the financial mechanism, the GCF and the GEF;
- (b) The adequacy, predictability, and accessibility of financial resources provided to developing country Parties for climate change activities, and the timely disbursement of funds for activities in developing country Parties;
- (c) The responsiveness and efficiency of the GEF project cycle and expedited procedures, including its operational strategy including resource allocation strategies, the implementation of the incremental cost financing as well as co-financing, as they relate to climate change;
- (d) The amount of resources provided to, and reported received by, developing country Parties, the channels used for providing these resources, the conditions under which these resources are provided, and the choice of recipients, including financing for technical assistance and investment projects;
- (e) The amount of finance leveraged, including from the private sector, and the amount of co-financing required by the operating entities of the financial mechanism, in all funds under the Convention; and
- (f) The sustainability of funded projects funding for climate- - change projects/programmes in developing country Parties from all sources and through all channels.

SUBMISSIONS FOR THE 5TH MEETING OF THE STANDING COMMITTEE ON FINANCE, Bonn, Germany, 27 to 30 August 2013

Bernarditas Muller
Non-Annex I Member
from the Asia-Pacific region (Philippines)

ON INITIAL GUIDANCE TO THE GREEN CLIMATE FUND

As mandated by Decision 6/CP.18, paragraph 6, the COP “decides to provide initial guidance to the Green Climate Fund at its 19th session.

This initial guidance should take fully into account Decision 11/CP.1, on “Initial guidance on policies programme priorities and eligibility criteria to the operating entity or entities of the financial mechanism, which therefore covers the Green Climate Fund, designated as an operating entity of the financial mechanism of the Convention (Decision 3/CP.17, paragraph 3). This initial guidance therefore builds upon Decision 11/CP.1 provisions applicable to the GCF, and further reaffirms the guidance provided through Decision 37CP.17 and Decision 6/CP.18. Decision 11/CP.1 will be an integral part of the initial guidance provided to the GCF by COP 19, including financing provided within the framework of the financial mechanism of the Convention, and outside of this framework, covering financing institutions under Article 11.5 of the Convention.

The decision to be taken at COP 19, based on the expert advice provided by the SCF, as in implementation of its mandate to assist the COP in exercising its functions with respect to the financial mechanism of the Convention, including the provision of guidance to the operating entities of the financial mechanism, shall take into account as well the report to the COP to be submitted by the GCF at its 19th session.

This initial guidance aimed at making the GCF fully operational as soon as possible and no later than COP19 will take into account the progress made so far in the operationalization of the Fund, including the designation of the Executive Director of the independent secretariat of the Fund; the additional rules of procedure; and its work plan. Progress on the conferment of juridical personality and legal capacity to the Fund should be reflected in the report of the GCF to the COP. Decisions taken by the Board related to the objective and guiding principles and its operation in a transparent and accountable manner should likewise form part of its report to COP 19.



It shall also reaffirm the requests to the Board to report on the steps taken to implement provisions contained in Decisions 3/CP. 17 and 6/CP.18 on:

1. the need to secure funding for the GCF, taking into account paragraphs 29 and 30 of the Governing Instrument, and to establish the necessary policies and procedures which will enable an early and adequate replenishment process;
2. the development of a transparent no-objection procedure to be conducted through national designated authorities to ensure consistency with climate strategies and plans, and a country-driven approach that would provide for effective direct and indirect public and private sector financing by the GCF. This procedure should be determined prior to the approval of funding proposals by the Fund;
3. the steps taken to balance the allocation of resources between adaptation and mitigation activities under the Fund;
4. the progress made in the selection of the Trustee of the GCF through an open, transparent and competitive bidding process in a timely manner to ensure that there is no discontinuity in trustee services, noting the decision that the interim arrangements should terminate no later than the 19th session of the COP; and
5. progress made in the initiation of a process to collaborate with the Adaptation Committee and the Technology Executive Committee, as well as other relevant thematic bodies under the Convention, to define linkages between the Fund and these bodies.

In this regard, the provision contained in paragraph 70 of the Governing Instrument on expert and technical advice, on the development of mechanisms to draw on appropriate expert and technical advice, including from the relevant thematic bodies established under the Convention, is particularly relevant.

The initial guidance will also cover requests for the establishment of accountability mechanisms as provided for in paragraphs 62 to 68 of the Governing Instrument for the Fund's operationalization. The development of an information disclosure policy is particularly important to ensure that there is no conflict of interest between the policy and decision-makers and institutions serving the Fund and financial intermediaries or institutions that would be considered to channel and handle GCF funds.

The expedited establishment of thematic funding windows, initially of windows for adaptation and mitigation, should be undertaken. (para. 37 of the GI). The provision of adequate resources for capacity-building and technology development and transfer should be ensured.

Direct access shall be facilitated, and additional modalities that further enhance direct access shall be given priority consideration.

Further guidance will be provided upon receipt of the GCF report to the COP.

ON MEASUREMENT, REPORTING AND VERIFICATION OF SUPPORT PROVIDED TO DEVELOPING COUNTRIES

MRV of support to developing countries is an important function of the SCF, and a huge outstanding gap in the implementation of the Bali Action Plan. While MRV of actions, in particular that of mitigation of developing countries is fully developed in COP decisions, MRV of support has not been given the necessary attention. It is therefore incumbent upon the SCF to fully operationalize this function.

The activity on the preparation of a biennial assessment and overview of climate finance flows covers only the one side of support provided, but does not include what has been reported as received or mobilized in terms of climate finance.

The main challenge confronting climate change financing and any assessment of financial and investment flows, both reported pledged and effectively allotted as well as received, is a common understanding of what consists of climate finance. This leads to a wide range of figures that are brought out by institutions, agencies and other financial intermediaries of what has been given as climate finance, and consequently as meeting commitments under the Convention. MRV of support should at least try and define the parameters of a common understanding of what is climate change financing. Moreover, channels and conditions of climate change financing also determine whether this financing is assisting developing countries in meeting their obligations under the Convention, and thus contributing to the achievement of the objective of the Convention.



Based on the initial discussion of the SCF on this issue at its fourth meeting, the following should be considered:

1. On the ToR of the biennial assessment, the sources of information for the biennial assessment as laid out in para. 121 (f) of Decision 1/CP. 16 should also include a synthesis of the final reports on the provision of fast-track finance, in particular as concerns channels of financing and the forms of resources provided as well as the choice of recipients of these resources.;
2. On methodologies of reporting, the tables provided in the Annex of Decision 19/CP.18 (Common Tabular format for UNFCCC biennial reporting guidelines for developed country Parties), Tables 7, 7 (a), 7 (b) on public financial support, Table 8 on the provision of technology development and transfer support, and Table 9 on Capacity-building support should be further disaggregated to be enable common measurement and verification of the information.
3. The reporting format followed by some developed countries in their fast-track finance reporting can provide a model.
4. The additional information provided by stakeholders, as well as the relevant results of the First SCF forum should also be taken into account.
5. In addition, information provided by developing countries on support received, as contained in non-Annex I national communications, on funding provided for the preparation of their biennial update reports on the basis of agreed full-cost funding, on adaptation as provided for in para. 93 (e) of decision 2/CP.17, should also form part of the sources of information for this biennial assessment.
6. The NEEDS project of the secretariat should be continued to cover all developing countries, as it provided important information among the few countries covered by the project. Countries had to develop their own methodologies to assess their needs and track climate financing at national level.

The secretariat should be requested to update further its technical paper on “investment and financial flows: an update” issued in 2008, taking into account other studies provided by financing institutions, think tanks and academia. Estimates of current financing needs to meet climate change challenges would be particularly important.

As stated in the secretariat’s excellent background paper provided on MRV of support at SCF 4, timelines for the work of the SCF on MRV of support would be important. With the addition of sources and activities outlined above, the SCF could consider this annexed timelines provided in this paper, as well as the modalities of working within a small group of Members, with the understanding that all issues will be taken up at the SCF plenary for decisions. Problems are presented for some members of working intersessionally, in particular with the use of teleconferences.

In addition to the above, there is a need to understand what measurement, reporting, and verification would mean for support. In this regard, I would like to submit for the SCF’s consideration the draft decision on MRV of support first tabled by Ecuador in 2011 (document no. FCCC/AWGLCA/2012/CRP.1) and later that same year supported by 17 other developing countries, as tabled in Part 3 of the 14th session of the AWGLCA, CRP. 20). I attach to this submission the final version of this submission as CRP.1.

I would also like to request the secretariat to provide, for purposes of discussions, either as a MISC. document or electronically, this draft decision.

SUBMISSION TO SCF 5 ON LONG-TERM FINANCE

Bernarditas Muller
Non-Annex I member
Asia-Pacific region (Philippines)

Decision 4/CP.18, in its paragraph 6 requested the Standing Committee on Finance to support the implementation of the (LTF) work programme by providing expert inputs.

The SCF subsequently submitted its report of the third meeting of the SCF (Bonn, 8 to 10 March 2013) as an input to the LTF work programme, and expressed its readiness to support the implementation of the work programme by providing expert inputs to its design and conduct throughout 2013.



Members of the SCF have been invited to attend expert group meetings, the first one in Manila, in July to be followed by a second expert group meeting in Bonn in August.

In addition, Decision 4/CP.18 in its paragraph 8, agreed “to continue the existing processes within the Convention for assessing and reviewing the needs of developing country Parties for financial resources to address climate change and its adverse effects, including the identification of options for the mobilization of these resources, and the adequacy, predictability, sustainability, and accessibility of these resources.”

Moreover, in its Decision 1/CP.18, the COP agreed to “consider the progress made in the mobilization of long-term finance at its 19th session, through an in-session high-level ministerial dialogue under the COP on efforts being undertaken by developed country Parties to scale up the mobilization of climate finance after 2012, informed by inputs from Parties, technical bodies and processes of the Convention, as well as the outcomes of the extended work programme on long-term Finance.

The SCF is mandated to assist the COP in exercising its functions with respect to the financial mechanism of the Convention in terms of...mobilization of financial resources” (Decision 2/CP.17, paragraph 121. **Expert inputs from the SCF to the long-term programme should therefore clearly address the identification of options for the mobilization of financial resources, and the adequacy, predictability, sustainability, and accessibility of these resources.**

The report on the first SCF report would constitute one of these inputs, as well as the revision of guidelines for the 5th review of the financial mechanism and in particular the progress of the work done on the biennial assessment and overview of climate finance flows, including relevant work by other bodies and entities on MRV of support and the tracking of climate finance. Mobilization of resources should also be an important input of the SCF to the work programme on long-term finance.

It is in this context that I am submitting the following inputs for an eventual draft decision on long-term finance, through the SCF:

On lessons learned from fast-start finance (to be taken into account in the analysis of options to scale up the mobilization of climate change finance), a synthesis of information provided at the end of the FSF reporting period (May 2013) assessing:

1. how these resources are considered to be new additional to existing official development assistance and financial obligations to financing institutions and international organizations ;
2. the basis used for sharing the collective commitment of US\$30 billion over a a three-year period from 2010 to 2012;
3. on the nature of financing provided under FSF, including the amount of loans provided, and the sustainability and predictability of this funding;
4. the channels used for the provision of FSF;
5. how the balance of allocation between adaptation and mitigation was achieved, and if not, why not,
6. how funding for adaptation was prioritized for the most vulnerable countries, such as the LDCs, SIDS and Africa, including the choice of recipients of fast-start finance;
7. the ways through which developing country Parties were enabled to access these resources, as well as the conditions of access;
8. lessons learned in leveraging private investments, the scale of public funds required, the total amount leveraged, the type of private sector leveraged and the extent of their engagement;
9. Invites developed country Parties to provide information to the COP, on an annual basis, on the financial support provided to developing countries for their adaptation and mitigation actions, using the format and the same kind of information provided in their FSF submissions; and
10. Request the secretariat to compile this information in an INF document, and to provide a synthesis of the information provided.

On principles, provisions and processes for long-term finance:

1. The consideration of long-term finance under the Convention should be in line with the principles and provisions of the Convention.



2. Coherent with Article 3.2 of the Convention, the specific needs and special circumstances of developing country Parties, especially those that are particularly vulnerable to the adverse effects of climate change, and of those Parties, especially developing country Parties that would have to bear disproportionate or abnormal burden under the Convention, should be given full consideration.
3. In the implementation of existing commitments under the Convention of developed country Parties and other developed Parties included in Annex II; as contained in Articles 4.3, 4.4 and 4.5, within the context of Article 4.7, and in accordance with Article 11 of the Convention, long-term financing, including for the transfer of technology, shall be new and additional, adequate and predictable, and shall mainly provided through public sources, with supplementary funding from other sources.
4. In implementation of Decision 1/CP.16, paragraph 97, in accordance with the relevant provisions of the Convention, scaled-up, new and additional, predictable and adequate funding shall be provided to developing country Parties, taking into account the urgent and immediate needs of developing countries that are particularly vulnerable to the adverse effects of climate change, and that to this end, the special needs and concerns of developing country Parties whose vulnerabilities are listed in Article 4.8 and 4.9 would be the main guidelines.
5. The processes to assess and review of needs of developing country Parties for financing resources, including for the transfer of technology, to address climate change and its adverse effects, including the identification of options for the mobilization of these resources, and the adequacy, predictability, sustainability, and accessibility of these resources.
6. The provision of financial resources shall be on a grant or concessional basis, including for the transfer of technology, in particular for adaptation, and that loans shall not be used as a condition to access grant funding through the operating entities of the financial mechanism of the Convention.
7. In the light of the work in relation to the *ad hoc* Working Group on the Durban Platform for Enhanced Action, to identify options for scaling-up financing in the period after 2020, including further work that requires elaboration by specific thematic bodies established under the Convention, such as the Standing Committee on Finance, the Adaptation Committee, and the Technology Executive Committee.
8. Further, for the purposes of the ADP, the Standing Committee on Finance shall include in its guidance to the operating entities of financial mechanism of the Convention, the provision of Article 12.4, which states that developing country Parties may, on a voluntary basis, propose projects for financing including specific technologies, materials, equipment, techniques or practices that would be needed to implement such projects, along with, if possible, and estimate of all incremental costs, of the reductions of emissions and increments of removals of GHGs, as well as an estimate of the consequent benefits.
9. The assessment of the financing needs of developing country Parties shall be undertaken both as a global aggregate and at regional and domestic levels, in terms of urgent, short-term, medium- and long-term needs, both for adaptation and mitigation.

Submission by Ecuador, at the fifteenth session of the Ad hoc Working Group on Long-term Cooperative Action under the Convention (AWG-LCA 14-4).

WORK OF THE AWG-LCA CONTACT GROUP
Agenda item 3.4

DRAFT DECISION²

The Conference of the Parties,

Recalling Decision 17/CP.13, the Bali Action Plan which provided the mandate of the AWG-LCA, and its paragraph 1 (b) (ii) which stated that the nationally-appropriate mitigation actions by developing countries in the context of sustainable development, supported and enabled technology, financing and capacity-building, in a measurable, reportable and verifiable manner,

Also recalling Decision 1/CP.16, paragraph 112 on the establishment of the Standing Committee and its mandate,

² This document is based on previous submission by Ecuador on December 1st, 2011, at the fourteenth session of the Ad hoc Working Group on Long-term Cooperative Action under the Convention (AWG-LCA 14-4). It follows the proposal of format set forth in CRP 20, AWG – LCA on its Fourteenth session, part three on Agenda item 3.2.1.- Submitted by the African Group in Panama.



Further recalling Decision 2/CP.17, Chapter IV on the Standing Committee, paragraphs 121, laying out the functions of this Committee,

1. *Decides* that the Standing Committee shall, in accordance with paragraph 122 of Decision 2/CP. 17 have the additional function of setting up a mechanism for the measurement, reporting and verification of support provided to developing country Parties.
2. *Decides further* that the objective of these guidelines is to address the need for accurate accounting of the provision of funds from developed country parties to developing country parties in order to assess compliance with finance obligations for mitigation, adaptation, technology transfer and capacity building with a view to ensure robustness and transparency of the Financial Mechanism of the Convention;
3. *Also decides that* the measurement, reporting and verification (MRV) of climate change funding under the Financial Mechanism shall comprise of the following:
 - (a) measurement:
 - (i) Measurement shall address those funds exclusively aimed at enabling and supporting enhanced action on mitigation, adaptation, technology development and transfer, report drafting, and capacity-building for non-Annex I parties, from public, private, bilateral, multilateral and alternative sources.
 - (ii) With regards to funds provided for multiple purposes, only the share provided solely for climate change shall be counted towards climate change finance.
 - (iii) Mobilization of funds through leverage and/or official development aid shall be considered complementary and will not be counted as a part of climate finance.
 - (iv) Mobilization of funds in developed countries for administrative purposes in indirectly related to the provision of climate change funds towards developing countries will not be considered climate finance.
 - (b) Reporting:
 - (i) To establish a Financial Support Registry, which will be universally accessible in character in order to ensure inclusiveness and transparency to all Parties.
 - (ii) The origin, intermediaries and characteristics of funds, including funds from private, public, bilateral, multilateral and alternative sources, technology transfer and capacity building, shall be reported by parties to the COP through Annex I national communications, additional information submitted from developed and developing countries, including through their national communications annual reports of operating entities of the financial mechanism, and others.
 - (iii) Reporting of climate-related support must follow a common, internationally agreed format, approved by the COP in order to allow for comparability, assessment and analysis by the Standing Committee on Finance and by all non-Annex I and Annex I parties. The format must include information on funded actions, amount effectively disbursed against obligations under the Convention, amount of new and additional funds, sector, financial channels, time frame and instruments* (including grants, concessional loans, capital and others).
 - (c) Verification:
 - (i) The source and character of funds shall allow for traceability on the part of non-Annex I parties.
 - (ii) Developing country parties that receive funding shall be able to certify the funds received and report on the effective use of funds.



4. *Also decides that* modalities for the measurement, reporting and verification for means of implementation shall take into account and incorporate matters relevant to other Convention bodies such as the Adaptation Committee and the Technology Executive Committee.
5. Requests the Standing Committee to report to the Conference of the Parties at its 19th session on the progress made towards the implementation of this function.

4. *Seyni Nafu*

African Group Submission on the Biennial Assessment

The African Group (AG) welcomes the invitation of the Standing Committee on Finance (SCF) to observers and interested organizations to submit to the secretariat, by 31 July 2013, information on the measurement, reporting and verification of support, as well as the biennial assessment and overview of climate finance flows that the committee will conduct next year.

The AG also appreciates the document SCF/2013/4/8 prepared by the Secretariat for the fourth meeting of the SCF, which contains a range of potential inputs, timeline and elements for the first BA of the SCF. The Group believes that the document contains several useful elements that can serve as a foundation to design modalities and approaches to adequately address tracking issues of climate finance under the Convention.

This submission only focuses on the Biennial Assessment (BA) and overview of climate finance flows, which we understand as a key part of the overall robust MRV regime to be set up under the Convention.

The Doha COP's decision reaffirms the Durban 2/CP.17 one, which mandates the SCF to undertake the BA and overview of climate finance flows by listing sources of information such as National Communication, Biennial Report etc. to be used. However, the decision missed to clarify how this information could build on and complement each other. Furthermore, the Doha decision also requested the SCF in initiating the first BA and overview of climate finance flows, to take into account relevant work by other bodies and entities on the MRV of support and the tracking of climate finance, and to consider ways of strengthening methodologies for reporting climate finance.

Currently there is no accurate assessment of the amount of North-South climate finance flowing into developing countries. There are multiple sources, instruments, intermediaries and recipients involved in providing or receiving climate finance³. The amount of overall finance flow available has only been so far estimated. These estimates are aggregated through simple methodology, which “adds” different types of climate instruments and sources; from grants to non-concessional development finance, private capital, etc. This is due to the lack of clear definition of what can be counted as climate finance, to the lack of accurate data on the larger flows as well as methodological accepted responses to data gaps. There is also a risk of double-counting across several sources; and often some of the sources included in this range may not ultimately be agreed as accountable towards the \$100 bn commitment. As a result, this makes the estimates highly uncertain and also renders difficult how individual developed countries have provided their fair share (i.e. burden-sharing formula) in meeting their collective commitment of \$100 bn by 2020.

The COP decisions in the last years have recognised shortcomings of current reporting of climate finance under the UNFCCC and have called for significant improvements on this issue, both regarding the frequency and coverage of reporting.

The guidelines for the National communication are out of date, and those for the Biennial Report are yet to be tested. The Biennial Report's common reporting format adopted in Doha is, for the time being, in our view also incomplete; as it does not contain any reporting at project level and abandon at the discretion of Annex II parties definitions of what has been pledged, disbursed, committed and deliver of their climate finance provision mean.

The African Group believes that in order to properly undertake the biennial assessment, one needs reliable, common and comparable data as well as a common understanding and uses of these data. This set of data should be defined and determined according to the purpose of (public vs. private sources; collective vs. individual countries commitment), what needs to be tracked in overseeing finance flow. All reporting processes under the Convention should therefore adopt a more systematic reporting approach and need to become more comprehensive in terms of financial support and flows reported.

³ Clapp et al (2012): Tracking climate finance: what and how



In our view, the SCF should actually, -next year before engaging in any assessment of the Biennial Report-, firstly compare the data provided in the Biennial Report from different Parties against their commonality adequacy and definition of terminologies as well as the description of their national approach for tracking of the provision of financial used by Annex II countries as stipulated in the guidelines of the BR. The rationale to do so is simple. It should allow exploring key gaps in the data and methodology for tracking of climate flows. On the other hand it should enable us to assess the range of definitions used by Parties with the view of finding common ground, necessary to introduce general definition and meaning to certain terminologies stipulated in the guidelines for BA as well as the Common Reporting Format. This is important as the \$100 bn commitment is a collective commitment for developed countries. Tracking progress on the implementation of this commitment will therefore entail compiling information on climate finance from a mix of individual countries and entities, as well as from sources of “collective” data (e.g. on the carbon market or private sector flows). This could by no means be undertaken without a common sense and understanding and uses of the range of data reported to the Convention.

Moreover, this is also in line with the Biennial Reporting guidelines, which calls for a mechanism to assess and verify information given on the provision of financial , technology, and capacity building support. Once Parties have submitted their biennial reports, the tasks of the SCF should be to check whether Parties have sufficiently responded to it.

The Cancun LCA Agreement explicitly notes the role of private finance among the variety of sources to be mobilized for long-term climate finance. An assessment or overview of the overall climate finance flows in the longer term will surely require more information and data that go beyond those provided in the BR. Yet there remains international debate about what role private finance, carbon market or other financial sources should play in fulfilling Annex II' commitments and how it should be measured when assessing progress towards the climate finance goals lay out above.

It is obvious that the purpose of any tracking exercise determines the range and the form of the data to be used. Due to the role the private sector is playing and will be playing in climate finance, one cannot assume having an overview of climate finance without looking flows and investment outside the convention as well as looking at any form of private finance. The main question will be how/what of the climate flow outside of the convention as well as from private sector will be tracked and counted as part of the overall Developed countries finance commitment.

Private and public streams are often feeding into the same climate actions, but are not always easy to separate, e.g. funds, joint ventures. There is as yet no agreed international definition of private climate finance. Attribution to a single country of origin can be challenging for multinational companies, and for subsidiaries and/or affiliates based in other countries.

For the AG, any work towards an internationally-agreed methodology for calculating public finance leverage ratios for finance mobilised by public policy, measures or investment is vital and prerequisite to have an enhanced overview of the climate finance flows. This requires clarifying defining key jargons used in climate finance as well as a more detailed analysis of private sector flows, with the view of examining data gaps and overlaps in existing databases (e.g. on Foreign Direct Investment and clean energy), and consider who could report on private flows and what their incentives to do so might be. If collecting accurate data is not feasible, is the use of proxies useful and necessary (e.g. estimating primary transaction value of CERs)? Should primary CDM flows be counted? What public policy, measures or investment should be.

To sum up and on top of the elements presented above, the AG believes that the following potential activities are needed.

- Develop ToR of the BA by clarifying the scope, the sources of information. The elements identified by the secretariat could be used as starting point
- For the overview of financial flows, the SCF should consider how to best take advantage, coordinate and interlink the ongoing processes related to climate financial flow and MRV under the Convention based on the map prepared by the secretariat on all issues dealing with MRV under the convention
- This map could also inform the SC in preparing it expert input on the work programme on long term finance prepared by the Secretariat.
- The SCF could request the Secretariat to prepare a focused technical paper based on the submission made by developed countries on the appropriate methodologies and systems used to measure and track climate finance due early 2014.



- Consider the methodological use of the OECD markers "objective based system", as well as MDB approach "context, purpose and activities based system" and its relevance and appropriateness to the overall overview of climate finance flows.

5. Paul Oquist

RECOMMENDATION FOR WORK PROGRAMME ON LONG-TERM FINANCES OF THE CLIMATE CHANGE CONVENTION

Submitted on July 31, 2013 by Dr. Paul Oquist, Member for GRULAC (Nicaragua)

Recent studies have explored non environmental taxes, tax increases and subsidy reductions, as well as global public goods, as pathways to climate finance.

However, there are practically insurmountable difficulties in coordinating tax and subsidy policies internationally to produce climate finance, due to parliamentary logistics and more importantly national competitiveness concerns. National measures would have to be near simultaneous and universal to allay competitiveness concerns.

International public goods administration and finance (international air and sea transport routes, international sea resources, space and cyberspace), will come to pass in the distant future to replace the anarchy that currently reigns in these spheres, but national hegemonic aspirations currently outweigh weak political will for international regulation and organization.

Given the foregoing, recent experience in the global South identifies seven promising pathways to climate finance for developing country mitigation and/or adaptation:

1. International public finance (bilateral and multilateral within the framework of the Convention and therefore common but differentiated responsibilities).
2. Economic group, regional and national development bank finance.
3. Long term commodity import development finance.
4. Project specific trust funds for renewable energy to replace oil imports.
5. Guarantee fund for trust funds and DFBOT projects for renewable energy.
6. Design, Finance, Build, Operate and Transfer (DFBOT) time bound concessions for renewable energy projects.
7. Foreign direct equity investment with assured markets.

In countries that import oil to generate electricity and that possess favorable renewable energy resources, mitigation can be financed. This is also a favorable historical juncture. Facing mature market stagnation and financial market volatility and uncertainty, as well as devaluations of major currencies (dollar, pound sterling and yen) by expansionary monetary policies termed "quantitative easing", smart money is looking for tangible, real economy medium and long term investments in emerging economies with good returns. Interest rates and construction materials are low cost due to the Great Recession. These factors constitute a window of opportunity for renewable energy infrastructure projects in developing countries.

However, climate change losses and adaptation needs can only be partially financed by developing countries themselves enhanced by foreign direct investment, as well as time bond concessions. International public finance through established multilateral sources with direct access is the most equitable, fastest and most practical source of damage and adaptation finance, and this will remain the case for the foreseeable future.

The reason why most financing solutions come from the emerging South today is due to the fact that the inequitable and unsustainable pattern of production, consumption and finance, which is at the root of our current ecological, economic and social problems, is also the basis of the economies of the hegemonic countries. This fact has major structural



consequences for the world economy, Mother Earth, all species and all of humanity. However, alternative solutions currently under construction in the emerging South are promising.

Dr. Paul Oquist Kelley, Member for GRULAC (Nicaragua).



Annex II – Other submissions

1. Colombia

COLOMBIA'S SUBMISSION TO THE STANDING COMMITTEE ON FINANCE ON ELEMENTS FOR THE FIFTH REVIEW OF THE FINANCIAL MECHANISM

- We have started the 5th review of the financial mechanism under the Convention. The review of the financial mechanism needs to be turned into a useful, meaningful exercise, instead of a hollow exchange of general statements that don't serve the Convention's objectives and takes up energy and time.
- The review of the financial mechanism should serve the following purposes:
 - It should define whether the financial mechanism is working appropriately and delivering results on the ground that serve the implementation of the Convention
 - It should provide clarity on how the financial mechanism is working and whether this ways of functioning are serving the objectives of the convention
 - It should suggest measures for the COP to take in order to guarantee that the financial mechanism is working appropriately when it is not doing so.
- The current guidance for the review of the finance mechanism includes three aspects: objectives, methodology and criteria. The following are suggestions from Colombia to enhance this guidance in each of those aspects, in order for the review to become a meaningful and useful exercise:
 - Objectives: the objective should include to review the financial mechanism and take appropriate measures on:
 - The coherence and complementarity of the activities undertaken by the different operating entities of the financial mechanism.
 - The appropriateness of the financial flows and their scaling-up in light of the collective commitment of mobilizing USD100bio per annum by 2020 in the context of meaningful action and transparency in implementation, for adaptation and mitigation actions in developing countries, defining how the resources provided are contributing to reaching that goal.
 - The appropriateness of the balance in the allocation of resources that flow through the financial mechanism for adaptation and mitigation actions.
 - The effectiveness of the activities funded through the financial mechanism (as already included in the initial guidance given in decision 3/CP.4), in terms of their contribution to a shift of paradigm at the global level towards a low-carbon, climate resilient development pathway.
 - Criteria: The effectiveness of the financial mechanism should be assessed taking into account the following additional criteria:
 - The extent to which the financial mechanism is contributing to a global paradigm shift toward a low-carbon and climate resilient development pathway
 - The extent to which the sources of funding are predictable in the long term, providing a solid ground to incentivize and catalyse mitigation and adaptation action on the ground
 - The extent to which the resources that flow through the financial mechanism were used to identify innovative projects that could be used for dissemination and how lessons learned from projects was generated and distributed
 - Methodology: the review should draw upon the following additional sources of information:
 - The GCF annual reports and those of any other operating entities of the financial mechanism that may be designated as such in the future
 - The information included in biennial reports and biennial update reports with respect to financial resources provided and financial needs to implement adaptation and mitigation action
 - The inputs that are generated as a result of the biennial assessment of the financial flows that the SCF will conduct



Colombia also suggests that the SCF develops a clearer and more detailed methodology to conduct the review of the financial mechanism, making it a meaningful and useful exercise. As it currently stands, it reflects only the sources of information from which the review should draw upon, but it states no orientation on the method that should be followed to conduct the review.

The review must not be limited to a repetition of broad orientations by the COP, but instead help the financial mechanism to produce effective results in terms of the implementation of the convention, to operate swiftly and efficiently, and allow its operating entities to act in a coordinated, harmonised, and complementary manner.

2. Technology Executive Committee

Date: 6 August 2013
Reference: AP/BV/gg
Direct line: +49 228 815 1608

Her Excellency Ms. Diann Christine Black Layne
Co-Chair of the Standing Committee on Finance
Chief Environmental Officer
Ministry of Agriculture, Lands, Housing and
Environment
1 Prime Minister's Office Drive, Factory Road
St. John's
ANTIGUA AND BARBUDA

Mr. Stefan Schwager
Co-Chair of the Standing Committee on Finance
Senior Policy Adviser
Federal Office for the Environment
Papiermuhlestrasse 172
CH-3003 Berne
SWITZERLAND

Dear Ms. Black Layne, dear Mr. Schwager,

I am writing you in my capacity as Chair of the Technology Executive Committee (TEC) about possible interactions and collaboration between the Standing Committee on Finance (SCF) and the TEC with a view to achieving synergies and coherence in the work undertaken by both bodies.

As you may know, the TEC is the policy and guidance component of the Technology Mechanism, while the Climate Technology Centre and Network (CTCN) is the implementation component. The Technology Mechanism was established in Cancun to facilitate the implementation of enhanced action on technology development and transfer to support action on mitigation and adaptation. The functions of the TEC and the CTCN are defined in decision 1/CP.16. In accordance with its functions, the TEC developed its rolling workplan for 2012–2013⁴, which is currently under implementation.

At its seventeenth session, the Conference of the Parties (COP) adopted the modalities and rules of procedures of the TEC and requested the TEC to further elaborate its modalities on linkages with other relevant institutional arrangements under and outside the Convention and to provide such modalities with a view to recommending the modalities for adoption by COP 18.

In response to this request from the COP, the TEC proposed the following modalities on linkages with other relevant institutional arrangements under the Convention:

- Cross-participation in the meetings of the relevant bodies, including workshops and events organized by such bodies, or jointly organized, on issues of common interest;
- Inviting inputs to support the implementation of particular activities as specified in the workplan of the TEC;
- Providing inputs into other institutional arrangements under the Convention, in response to requests by the COP and/or invitations by respective institutions, to facilitate the work of those institutions;
- Knowledge and information sharing.

⁴ The workplan is contained in the document "Report on the linkage modalities and the rolling workplan of the Technology Executive Committee for 2012–2013" (FCCC/SB/2012/1).



At COP 18, the COP encouraged the TEC to continue to consult relevant institutional arrangements under the Convention, including the SCF. Such consultations are meant to have an exchange on views on possible coordinated modalities on linkages between the TEC and other relevant institutional arrangements under the Convention. The COP requested the TEC to report on the outcomes of such consultations in its report on activities and performance for 2013.

Following this request, the TEC has initiated consultations with various bodies under the Convention. In that context, representatives of the SCF, the Least Developed Countries Expert Group (LEG) and the Adaptation Committee (AC) participated in the 5th meeting of the TEC, including by presenting activities of the work plans of the respective bodies of relevance to the TEC. The TEC noted that the one of the activities of the SCF work program for 2013 is to develop and strengthen linkages with other thematic bodies under the Convention, such as the TEC. It was also noted that under the work program, the SCF will also: develop, with the Board of the Green Climate Fund, the COP-GCF arrangements; organize a forum; provide draft guidance to the operating entities of the financial mechanism; and undertake work on MRV of support.

In order to further engage with, and enhance coordination and collaboration among various bodies under the Convention, the TEC established at its 5th meeting a Linkage task force within the TEC to:

- Identify priority areas and specific topics for collaboration with other relevant institutional arrangements under the Convention;
- Propose modalities to engage with these institutional arrangements.

In this context, I would like to express the great interest of the TEC to collaborate with the SCF. With a view to engaging further with the SCF, I would like to propose to have some exchanges between one or some members of the SCF and the members of our Linkage task force, with the support of the secretariat. The purpose of such exchanges would be to:

- Seek views on and coordinate the proposed modalities of the TEC on linkages with other relevant institutional arrangements under the Convention;
- Define more concretely areas where both the SCF and the TEC could collaborate together and provide support to each other.

Please note that I have also sent a letter to the Co-Chairs of the Board of the Green Climate Fund and to a senior representative of the Global Environment Facility secretariat to engage in similar discussions.

I would very much appreciate if you could share this letter and proposal with the members of the SCF at its 5th meeting scheduled from 27 to 30 August 2013, and respond, through the secretariat, soon after so that we can also consider this issue at the 7th meeting of the TEC taking place from 4 to 7 September 2013.

I look forward with anticipation to hearing from you at your earliest convenience.

Yours sincerely,

Antonio Pflüger
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