



Draft report of the fifth meeting of the Standing Committee on Finance

**27-30 August 2013
Bonn, Germany**

Attendance

Mr. Stefan Agne
Mr. Houssen Alfa (Seyni) Nafu
Ms. Diann Black-Layne (Co-Chair)
Mr. Kyekyeku Yaw Oppong Boadi
Mr. Paul Bodnar
Mr. Georg Børsting
Mr. Jozef Buys
Ms. Outi Honkatukia
Mr. Yorio Ito
Ms. Edith Kateme-Kasajja
Mr. Raymond Landveld
Mr. Ali Daud Mohammed
Mr. Ulf Moslener
Mr. Syed Mujtaba Hussain
Ms. Bernarditas Muller
Mr. Paul Herbert Oquist Kelley
Mr. Stefan Schwager (Co-Chair)
Mr. Ayman Shasly
Ms. Wilhelmina Verdegaal

Proceedings

The fifth meeting of the Standing Committee on Finance (SCF) was opened at 9.43 a.m. on Tuesday 27 August 2013.

1. Opening of the meeting

1. Co-chair Stefan Schwager opened the meeting by welcoming the members of the SCF as well as the observers to the meeting, including Party observers, representatives of UN agencies, and intergovernmental and civil society organizations.

2. He informed SCF members that Mr. Yorio Ito had replaced Mr. Teruhiko Shinada on the committee and welcomed the new member. Additionally, he informed the committee that Mr. Gregory Andrews from Australia was unable to participate in the meeting.

2. Organizational matters

(a) Adoption of the agenda

3. Co-chair Schwager explained that the SCF is expected to produce several key deliverables at its fifth meeting highlighting the heavy workload. In this light, he proposed holding the agenda item on a code of conduct of the SCF in abeyance. The SCF adopted the agenda with the proposed amendment as contained in document SCF/2013/5/1/Rev.1.

(b) Organisation of the work of the meeting



4. Co-chair Diann Black-Layne explained that the working arrangements for the fifth SCF meeting would include plenary discussions on each agenda item and breakout sessions on the key items as well as presentations by invited experts on the issue of guidance to the Global Environment Facility (GEF), and the measuring, reporting and verification (MRV) of support and biennial assessment and overview of climate finance flows.

3. Fifth review of the financial mechanism

A. Discussion

5. Co-chair Black-Layne noted that the SCF addressed the agenda item at its third and fourth meetings primarily focusing on updating the guidelines for the fifth review of the financial mechanism. She further informed the members that the co-chairs had prepared an updated draft of consolidated guidelines, incorporating pre-meeting submissions made by SCF members and a Party (SCF/2013/5/3, annex I). Additionally, she referred members to inputs made by SCF members on the issue of the fifth review of the financial mechanism following the invitation by SCF-4, as contained in SCF/2013/5/8.

6. The committee conducted in-depth discussions based on the draft text of the guidelines in a breakout group and plenary facilitated by co-chair Schwager.

7. During the discussion in the breakout group, while some members pointed out that the co-chairs' text contained a lot of duplications and ambiguity and suggested that the SCF should discuss this issue based on the existing decision texts agreed by the COP, other members emphasized that the SCF should initiate the discussion based on the co-chairs' text including textual inputs from members and a Party prior to the meeting in developing the updated guidelines.

8. From a substantive perspective, members mainly discussed the following issues both in the breakout group and the plenary: whether to include 'direct access' as part of effectiveness to be reviewed; to what extent the review draw on the sources of information broadly, in particular ones from non-operating entities of the financial mechanism under the Convention; whether the amount of resources not only provided but also received to developing country Parties should be assessed.

9. With regard to the format of the draft updated guidelines to be provided to the COP, members agreed that the whole text should be bracketed since it was not possible to determine which part of the text could be agreed on at this point in time.

B. Outcome of the discussions

10. The committee agreed that the co-chairs will revise the draft updated guidelines for the fifth review of the financial mechanism taking into consideration inputs by committee members made at SCF-5. The revised version will be distributed inter-sessionally and, upon agreement by the committee members, annexed to the report of the SCF to COP19 as bracketed text serving as input for further deliberations by COP 19 on this matter.

4. Draft guidance to the operating entities of the financial mechanism.

A. Discussion

11. Co-chair Black-Layne reminded the committee that it held a brief discussion on the agenda item at its 4th meeting and drew their attention to the background paper



(SCF/2013/5/4). Additionally, she referred members to inputs made by SCF members on the issue of guidance to the operating entities following the invitation by SCF 4, as contained in SCF/2013/5/8.

12. Mr. Rob van den Berg, Director of the Evaluation Office of the GEF made a presentation via videoconference on the progress made to date of the Fifth Overall Performance Study of the GEF.¹ Mr. Bob Dixon, Head of the Climate Change and Chemicals Team at the GEF, expressed their readiness to work together with the UNFCCC and continue enhancing GEF's responsiveness to the guidance provided by the Conference of the Parties (COP). He also noted a recently submitted GEF report to COP19 and a compilation of all guidance documents received by the GEF from the COP since 1995 to 2011.

13. Further discussions took place in a break out group facilitated by Ms. Black-Layne. An advanced copy of the GEF report had been made available to the SCF members as input for discussions before the meeting as the issuance of the official UNFCCC document was still pending at the time of the meeting.

14. The breakout group engaged in substantive discussions on draft guidance to the GEF, with committee members proposing specific elements relating to, inter alia: clarification and reduction of repetitiveness; 6th GEF replenishment period; national communications and biennial update reports; GEF response to COP guidance; and others. Members highlighted that, in order to provide draft guidance to the GEF, it would be necessary to also take into consideration submissions made by Parties, which were expected to be submitted by 2 September 2013. A report on the outcome of the breakout group discussion on draft guidance to the GEF is contained in annex I.

15. With regards to draft initial guidance to the Green Climate Fund (GCF), committee members engaged in in-depth discussion, whether decision 3/CP.17 and the governing instrument of the GCF would suffice as initial guidance to the GCF, or whether additional initial guidance to the GCF was necessary. Members were invited to provide elements and specific textual proposals for inclusion in the report to the COP. Elements identified included, inter alia: programme priorities; policies; and eligibility criteria.

16. With regards to additional guidance to the GCF, members acknowledged that, due to the fact that the report of the GCF would only become available in October 2014, should the SCF want to provide draft additional guidance in response to the report, this work would have to be undertaken inter-sessionally and provided to COP 19 in the form of an addendum to the official report to COP 19.

B. Outcome of the discussions

17. The committee agreed to continue to work inter-sessionally on draft guidance to operating entities of the financial mechanism, also in light of potential submissions by Parties, as well as the GCF report. A working group was formed to be facilitated by Co-chair Black-Layne.

¹ The presentation has been made available online at <http://unfccc.int/ /6881>



18. The working group will conduct further work on draft guidance to the GEF, the initial guidance to the GCF, and the additional guidance to the GCF, to be finalized by 27 September 2013 for inclusion in the SCF report to the COP.

19. The group will also conduct work inter-sessionally on draft additional guidance to the GCF, following the issuance of the GCF report in October. It was noted that the draft initial guidance to the GCF, to be provided as an addendum to the SCF report to COP 19, would need to be finalized by 23 October 2013.

5. MRV of support, and biennial assessment and overview of financial flows

A. Discussion

20. Co-chair Black-Layne introduced the item noting the background paper (SCF/2013/5/5). Additionally, she referred members to inputs made by SCF members on the issue of MRV of support and the biennial assessment and overview of financial flows, following the invitation by SCF 4, as contained in SCF/2013/5/8, as well as to submissions made by external stakeholders, following the invitation by the SCF.²

21. Several invited experts presented on MRV of climate finance.³ Mr. Raphael Jachnik, Organisation for Economic Co-operation and Development (OECD), reflected on sources of, and challenges in tracking, climate finance. He further informed the committee on the ongoing methodological work by the OECD Development Assistance Committee to improve climate finance data coverage and elaborated on the goals, participants and future deliverables of the Research collaborative project on tracking private climate finance by OECD. In the ensuing discussion, the committee and the presenter addressed: double reporting; administration fees; and overlaps and differences between climate finance and ODA. Other issues raised included: definition of climate finance; the need for a breakdown between loans and grants; results-based versus needs-based approach to tracking climate finance; reporting by recipient countries; and reporting of private finance leveraged through national communications. Participants also pointed to difficulties in tracking climate finance for projects with multiple objectives and discussed the need to address the effectiveness of climate finance for addressing climate change. Other discussed matters included OECD verification processes of country data and the need to derive lessons from Bloomberg methodologies in tracking clean energy finance.

22. Mr. Jan-Willem van de Ven, European Bank for Reconstruction and Development (EBRD), introduced the Bank's work on climate change followed by Mr. Carel Cronenberg, EBRD, who presented on a joint Multilateral Development Banks' (MDBs') initiative for climate finance tracking. Discussion touched upon such issues as: CO2 effectiveness of funded projects; differences between the money disbursed and the money received on the ground; and linkages between the work by MDBs on reporting and the work by OECD. Also, participants addressed: management of country risks in the Bank; decision-making process for financing a project; and types of adaptation projects financed by the EBRD. Other issues under consideration were: cooperation of MDBs with existing Convention funds on leveraging adaptation finance; and MDBs' financing for carbon-intensive projects.

² Available at: <http://unfccc.int/6881>.

³ The presentations have been made available online at <http://unfccc.int/6881>



23. Ms. Smita Nakhooda, Overseas Development Institute, presented on MRV of climate finance, noting the existing initiatives on: independent monitoring of climate finance, monitoring of climate finance within countries, and tracking finance for REDD⁴. During the discussion, the Committee addressed: reporting by recipient countries; monitoring of financial instruments used for providing climate finance; and a needs-based approach in addition to a results-based approach to financing. Other issues discussed were: risks of double counting; monitoring of information at both international and national levels; impact of climate finance; strengthening monitoring in developing countries; and lessons from fast-start finance.

24. Discussions continued in a break out group facilitated by Ms. Outi Honkatukia and Mr. Seyni Nafo. The group focused on the objective of the biennial assessment and overview of climate finance flows; the scope; the period of coverage; sources; methodologies; reporting gaps; effectiveness of climate finance; resource implications; and other issues.

B. Outcome of the discussions

25. The committee agreed on main elements of a work plan to commence work on the first biennial assessment and overview of climate finance flows, including: objectives, scope, resource implications and modalities of work, outline, and the indicative timeline. The results of the break out group are contained in annex II.

26. The committee also formed a working group to be facilitated by Mr. Seyni Nafo and Ms. Outi Honkatukia. Committee members were invited to sign up to the working group to participate in its deliberations.

6. Second forum of the SCF

A. Discussion

27. Co-chair Black-Layne introduced the agenda item noting that the background paper contains: the report on the first forum of the SCF, lessons learnt and options for a second forum in 2014 (SCF/2013/5/6).

28. Mr. Zhihong Zhang from the Climate Investment Funds' (CIFs') Administrative Unit reiterated their interest in cooperation on the second forum of the SCF noting that the next CIFs' Partnership Forum to be co-organised with the Inter-American Development Bank (IADB), will take place in the summer of 2014 in Montego Bay, Jamaica.

29. Committee members deliberated in a breakout group facilitated by Mr. Syed Mujtaba Hussain on such issues as: the format of the forum, the theme of the forum, sub-themes, profile of presenters, audience, and output. Committee members highlighted the importance of participation from recipient countries, in particular from Latin America and the Caribbean taking advantage of the forum's location.

30. On virtual means, several issues were raised, including that the virtual forum needs to be expanded, that the meetings of the forum need to be webcasted, and that social media and other virtual means have to be used with caution, given resource constraints.

⁴ Reducing emissions from deforestation and forest degradation in developing countries, and conservation, sustainable management of forests and enhancement of forest carbon stocks.

**B. Outcome of the discussions**

31. The committee agreed to hold the second forum of the SCF for two days back-to-back to the CIFs' Partnership Forum which will tentatively be conducted in late June 2014 in Montego Bay, Jamaica. Some Members suggested to combine the forum with a back-to-back meeting of the SCF, as well as potentially a workshop with the participation of donor and recipient countries and implementing agencies. Suggestions on a potential theme, sub-themes, audience, and other arrangements relating to the organisation of the second forum of the SCF are contained in annex III.

32. The committee formed an open working group which will, *inter alia*, further discuss the theme and sub-themes and develop a draft agenda for the second forum inter-sessionally. Members agreed that the group is to be facilitated by Mr. Syed Mujtaba Hussain, who will be serving as an external expert in this regard, as his membership term ended with the fifth meeting of the SCF. The co-chairs were requested to contact the respective authorities in Pakistan to inquire, whether Mr. Hussain could be made available to continue to facilitate the work on the forum.

33. The committee also requested the secretariat to undertake all necessary actions, in collaboration with the CIFs and IADB, on the legal and logistical arrangements for the organisation of the forum of the SCF in an expedited manner.

7. COP – GCF arrangements**A. Discussion**

34. Co-chair Schwager noted that the committee had worked on the draft text for the COP-GCF arrangements at its third and fourth meetings pointing out that the SCF was able to make considerable progress with only a few issues remaining unresolved.

35. The committee deliberated on the draft text of the arrangements in a breakout group, facilitated by Mr. Raymond Landveld, as well as informal consultations.

B. Outcome of the discussions

36. The committee agreed on the draft COP-GCF arrangements as contained in annex IV.

37. Members requested the secretariat to conduct editorial work on the draft arrangements, with all editorial changes to be approved on a non-objection basis by the SCF inter-sessionally.

38. The committee requested its co-chairs to forward the draft COP-GCF arrangements to the GCF Board subsequent to the committee's approval of editorial changes.

8. Other matters**(a) Dates and venues of future meetings**

39. The committee agreed to hold three meetings in 2014 with the following preliminary details: SCF-6 in March in Bonn, Germany; SCF-7 in conjunction with the forum of the SCF in June in Montego Bay, Jamaica; and SCF-8 in the fall, after a GCF report and submissions by Parties become available, in Bonn, Germany. The exact dates will be determined by co-chairs inter-sessionally. The committee also agreed to use



videoconferences/conference calls for inter-sessional work while taking into account technical needs of developing country members. The co-chairs, in cooperation with the secretariat, were requested to explore technical options, allowing for inclusion of all members via such virtual participation tools.

40. Several members suggested a one-day meeting of the SCF during COP 19 in order to address inputs by thematic bodies of the Convention and not finance related contact groups on the issue of guidance to operating entities of the financial mechanism, as well as other relevant issues. The co-chairs will explore the feasibility of the proposal. Committee members also discussed the cost-effectiveness of holding a meeting of the SCF outside of Bonn.

(c) Report of the fifth meeting of the SCF

41. The committee agreed to adopt the report of SCF-5 inter-sessionally.

(d) Report of the SCF to the COP

42. The committee agreed to work on, and adopt, the SCF report to COP 19 inter-sessionally by 27 September 2013. The committee also agreed on the outline for the SCF report.

43. With regards to the work programme on long-term finance, co-chair Schwager reminded members that the committee had provided an input to the work programme on long-term finance at SCF-3, as well as SCF-4. He also informed them that the SCF received three submissions on the work programme on long-term finance from committee members following the call for submissions made at SCF-4, as contained in SCF/2013/5/8. Discussions focused on if and how the inputs made by members would be reflected in the report of the SCF, and communicated to the co-chairs of the work programme on long-term finance. One committee member suggested to submit these inputs on behalf of the SCF as expert inputs to the work programme. Some other committee members noted that such a submission would need to be discussed by the committee first and could not be provided as expert input to the co-chairs of the work programme and/or as part of the SCF report to the COP. The committee agreed that the co-chairs of the SCF would send a letter to the co-chairs of the work programme on long-term finance, highlighting the synergies between the forum of the SCF, the participation of SCF members in activities under the work programme, as well as the inputs received by some members of the SCF.

44. It was agreed that, for the future work of the SCF, modalities would have to be agreed on how inputs by SCF members would be properly considered in outputs of the SCF work, following invitations made by the committee.

45. Additionally, members discussed that the committee should discuss and decide on modalities of work during future meetings, for example with regards to absent members.

46. Furthermore, it was highlighted that further work and a strengthening of linkages with the SBI and thematic bodies under the Convention would be necessary in 2014. In this context, a proposal was made that the co-chairs will organize a meeting of all chairs, co-chairs and vice-chairs of the respective bodies at the beginning of next year, to discuss and elaborate on potential linkages addressing existing mandates, as well as potential further mandates provided by COP 19 to the respective bodies.



47. The committee was informed that due to rotation in the Asian regional group, Ms. Bernarditas Muller from the Philippines and Mr. Syed Hussain Mujtaba from Pakistan would be replaced on the committee. The SCF briefly discussed potential continued participation of these committee members as external experts in meetings of the SCF

9. Closure of the meeting

48. Co-chair Black-Layne thanked the committee members, the secretariat and observers, and closed SCF-5 at 14:29 p.m. on Friday, 30 August 2013.

**Annex I – Results of the breakout group on guidance to operating entities of the financial mechanism****Draft guidance to the GEF**

1. At its fifth meeting the Standing Committee on Finance (SCF) conducted in-depth discussions on the draft guidance to the Global Environment Facility (GEF) in a breakout group format. The breakout group discussed this issue on 28th August. Various elements were identified as potentially to be included in draft guidance to the GEF, to be provided to COP 19.
2. With regards to clarification and reduction of repetitiveness:
 - (a) Close cooperation with *other thematic bodies under the Convention* is necessary for SCF to guide and support the clarification and reduction of repetitiveness, as well as to facilitate future work on the guidance to the operating entities;
 - (b) A *consolidation of past guidance* might be a useful exercise, potentially for future action by the SCF;
 - (c) Close cooperation with *other contact groups* during COP 19 is necessary.
3. With regards to the 6th GEF replenishment period:
 - (a) *Strategic guidance* to the GEF with regards to its role within the evolving finance architecture under the Convention, especially with regards to its respective role in light of the operationalization of the Green Climate Fund (GCF).
 - (b) *Determination of funding necessary and available* for the implementation of the Convention: GEF response to annex of the GEF MoU, paragraph 3 (indicate how it has responded during the replenishment cycle to the COP's previous assessment prepared in accordance with para. 1 of the annex to the MoU).
4. With regards to NatComs: identify what amount is needed for the NatCom preparation in order to address insufficient funding at this point in time.
5. With regards to the concept of agreed full incremental costs: explore the identification of an indicative list (following Montreal Protocol example).
6. With regards to BURs: get an overview of funding provided with an indication of whether agreed costs were adequate or not.
7. With regards to effectiveness and impacts: members suggested that this area will be covered within the context of the 5th review of the financial mechanism.
8. With regards to accountability:
 - (a) The SCF could consider *how GEF compliance with COP guidance can be measured*;
 - (b) The SCF will discuss whether reporting and subsequent guidance by the COP is sufficient; the SCF may consider, what “*is accountable to the COP*” means.
9. With regards to reporting: timing is an issue, as GEF reports is based on the fiscal year (1 July until 30 June); potentially, GEF could be asked to provide report based on annual year (1 January until 31 December) in order to facilitate SCF work on GEF guidance.
10. With regards to GEF response to COP guidance:



- (a) The inclusion of information on *mitigation impacts* in the GEF report should be welcomed (the 68 GEF mitigation projects are expected to mitigate 510 Megatons (Mt) of Carbon Dioxide Equivalent (CO₂ eq) directly and indirectly over their lifetime, satisfying the cumulative Greenhouse Gas (GHG) mitigation target of 500 Mt CO₂ eq set for GEF-5);
- (b) The GEF's response on COP guidance with regards to the *duration of projects cycle* should be welcomed, further encouraging the GEF to continue to improve in this regard.
11. With regards to flexibility and unavailability of funding: for next replenishment period, there should be room for flexibility in order to address emerging mandates and/or requests by the COP.
12. With regards to the reconsideration of funding decisions: the GEF could be asked to include, in its report to COP 20, information on modalities it has put in place in response to the GEF MoU, paragraph 5.
13. With regards to positive mitigation effects of the GEF project portfolio: the GEF could be encouraged to ensure that all activities within the context of its project portfolio should entail positive GHG reduction impacts.
14. With regards to communication and interaction:
- (a) The SCF could form a *close partnership with the GEF* in order to improve, in close cooperation with the GEF, the guidance provided to the GEF.
- (b) The SCF should engage in an *open conversation with developing countries, GEF implementing agencies and other stakeholders*.
15. With regards to the report of the GEF: inclusion in the report of the GEF and for the consideration of the GEF Evaluation Office, the role and performance of implementing agencies, as viewed by recipient countries and in response to the COP request contained in Decision 2/CP. 4, operative paragraph 4 (requests the GEF to ensure that its implementing/executing agencies are made aware of Convention provisions and decisions adopted by the COP in the performance of their GEF obligations and are encouraged, as a first priority, whenever possible, to use national experts/consultants in all aspects of project development and implementation) and paragraph 5 (requests the GEF to include in its report on the specific steps it has undertaken to implement this decision).
16. With regards to the SCCF: the GEF is to further specify steps it has undertaken to implement the provision contained in paragraph 1 (c) of decision 9/CP. 18 (requests the GEF, as an operating entity of the financial mechanism, through the SCCF, to consider how to enable activities for the preparation of NAPs process for interested developing country Parties that are not LDCs, as it requested the GEF through the LDCF, to consider how to enable activities for the preparation of the NAP process...), and following paragraph 3 of decision 9/CP. 18 (on the request to the GEF to include information in its annual report to the COP on further steps taken and the amount of resources made available under the SCCF for the implementation of the provisions contained in this decision, and in paragraph 5 of this decision).
17. In general: additional guidance to the GEF at COP 19 would include provisions on how it has complied with the provisions of decision 9/CP.18 and placeholders to such additional guidance, including the fifth replenishment (paragraphs 3 and 4 of decision 9/CP.18), taking into account the annex to the MOU between the COP and the GEF Council on the determination of funding necessary and available for the implementation of the Convention, and the conditions under which that amount shall be periodically reviewed.
18. In light of time constraints and the absence of Party submissions on the guidance to the GEF at this point in time, a proposal was made to continue work inter-sessionally, potentially following the approach of establishing a designated working group. A suggestion was also raised that a close cooperation with stakeholders involved on the ground and therefore more interactive approach, e.g. in the form of a workshop, would be valuable input to the work of the SCF with regards to the provision of draft guidance to the operating entities.



Annex II – Work plan of the first biennial assessment and overview of climate finance flows

Objective

- Mandate [2/CP.17 par. 121(f); 1/CP.18 par. 71; 5/CP.18 par. 11]
- Provide an overview and assessment of climate finance flows
- Identify gaps and limitations
- Strengthen reporting/information on climate finance

Scope

- 1. Overview of climate finance (2007 – 2012 with focus on FSF period 2010-2012)**
 - Stocktake/overview of the big picture in climate finance: synthesis/analysis of existing climate finance literature; all sectors and sources (public and private); all types of international support; fast start financing (FSF)
 - Information on geographical and thematic aspects
 - Meta data, meta study
 - Focus on tracking trends since 2007/2008 (UNFCCC IFI 2007 – 2010-2012 FSF period)
- 2. Assessment of climate finance flows**
 - against criteria/goals (FSF; thematic balance; geographical distribution; 2 degree goal; CO2 impact/performance; country needs/priorities/ownership; access modalities)

Resource implications and modalities of work

- Considerable workload for the Standing Committee on Finance (SCF), UNFCCC Secretariat and external contributors
- Need a dedicated UNFCCC Secretariat official/consultant to work on the report Oct. 2013 – Oct. 2014
- Extensive use of email and other virtual/online communication tools
- Draft reports circulated to SCF Members at least two weeks in advance of SCF meetings
- Development of an online database (as part of the UNFCCC Finance Portal)
- Possible ad hoc meetings with external experts in conjunction of SCF6 (Feb/March 2014) and SCF7 (May/June 2014)
- An open-ended working group consisting of SCF Members established at SCF5 meeting
- Designated SCF facilitators to lead and take forward the work
- SCF Members to serve as resource persons

Proposed outline (indicative no. of pages)

1. Executive summary (5 pages)
2. Introduction (2 pages)
3. Overview (20 pages)
 - methodology (meta data, meta study, existing parameters of climate finance)
 - public /private



- thematic distribution (e.g. mitigation, adaptation, REDD+ etc.)
- geographical distribution
- 4. Assessment (20 pages)
 - against criteria/goals (FSF; thematic balance; geographical distribution; 2 degree goal; CO2 impact; country needs/ownership; access modalities)
 - limitations/gaps; broader regulatory and policy barriers
- 5. Consideration of ways to strengthen methodologies for reporting climate finance (5 pages)
 - state of play (FSF period; pre-Cancun; post-Cancun; developed country submissions (May 2014))
 - open issues/gaps
 - the way forward
- 6. Conclusions (3 pages)
- 7. Recommendations/ way forward /roadmap for 2nd BA (3 pages)

	UNFCCC	outside UNFCCC
Technical	☺	☺
Policy	☺	☺

- 8. Possible annexes
 - methodology
 - glossary
 - etc.

**Timeline for the first biennial assessment (BA)**

5 th SCF mtg	Agreement on the scope, modalities and timelines for first BA to be included in the SCF report to COP 19; establishment of the SCF open-ended working group on the first BA
on-going	inter-sessional work, making use of online tools
Sept 2013	Agreement on the structure of report and key data sources
Oct 2013	UNFCCC Secretariat/consultant starts literature review and data collection/organisation
Nov 2013	COP 19: review and endorsement of the scope, draft work programme, and timelines for first BA
Jan 2014	Deadline for submissions from external partners
Feb/March 2014	UNFCCC Secretariat/consultant finalises 0 order draft of climate finance overview
Feb/March 2014 (6 th SCF mtg)	SCF discussion on 0 order draft of climate finance overview and guidance for completing the assessment Possible meeting with external technical experts to discuss the overview
May 2014	Completion of a 0 order draft of BA (overview + assessment) for internal review;
May/June 2014 (7 th SCF mtg)	SCF discussion on 0 order draft of BA (overview + assessment) Possible meeting with external technical experts to discuss 0 order draft
July 2014	Circulation of 1st order draft for external review
Aug 2014	Revision of the draft report based on external review comments
Sept 2014	Circulation of final draft report to SCF members for review
Oct 2014 (8 th SCF mtg)	SCF to finalise and agree on the report of the first BA
Dec 2014	COP 20



work modality

- Advisory group
 - + technical inputs
- working group (scf)
 - interact w/ external experts
 - targeted expert mtg

AGF + mini TOR CPI (conf call)

- timeline

- outline of report

- + similar to AGF / CPI landscape
- finance & investment report
- LTF report

Summary

Intro

Method

Overview

Assessment

- criteria (balance)

- limits/gaps

conclusions

recommendations

Annexes

consideration of ways to ensure methodology a relevant SCF

1. Overview

2. Intro

3. Assessment

4. Limits/gaps

5. Open issues

ES ~ 50p?

7 ntr

Public

Public

* → Public (Pla, ...)

* limits/gaps

* →

Jay Towal.

Conclusions



Annex III – Results of the breakout group on the second forum of the SCF

1. At its fifth meeting the Standing Committee on Finance (SCF) conducted in-depth discussions on the next forum of the SCF. The breakout group discussed this issue on 29th August. Various issues found broad agreement by members of the breakout group.
2. Duration: there was broad agreement that the next SCF Forum should be held over two days.
3. Partnership: there was broad agreement that the next SCF Forum should be held in conjunction with the CIFs' Partnership Forum to be held in Montego Bay, Jamaica, tentatively in late June 2014, organized by the CIFs in partnership with the Inter-American Development Bank; should the committee decide to follow this proposal, the secretariat should be requested to proceed with liaising with the CIFs as soon as possible in order to facilitate the administrative arrangements.
4. SCF meeting: there was broad agreement that a SCF meeting should be held back-to-back with the next forum, potentially also in conjunction with a workshop with the participation of implementing agencies, and donor and recipient countries, organized in the context of the provision of draft guidance to the operating entities.
5. Participation: there was broad agreement that participation should be broad, making use of the convening power of the CIFs' Partnership Forum especially with regards to private sector representatives.
6. Theme and sub-topics: there was an extensive discussion whether the Forum should focus on adaptation financing only or also on mitigation financing. Some committee members stressed the urgency to address adaptation financing, as well as to discuss inter-linkages between the two, for example in the context of projects with co-benefits for mitigation and adaptation. Other members suggested to dedicate one day of the forum to adaptation, and the other day to mitigation financing, also highlighting the inter-linkages of both issues. Yet another member suggested as theme the issue of integrating climate finance into development financing, which would encompass both, mitigation, as well as adaptation financing. The following sub-topics were suggested: public and private financing; sectorial challenges; insurance; innovative approaches (for example, hurricane-resistant housing, new insurance products, GMOs as an adaptation measure); needs for financing identified in countries; investment opportunities for adaptation; and projects with co-benefits, including in forestry.
7. Working modalities: it was proposed that a working group be formed to be facilitated by one member of the SCF which will develop a draft agenda for the second Forum inter-sessionally.



Annex IV – Draft arrangements between the COP and the Green Climate Fund

Preamble

Recalling Conference of the Parties decisions 1/CP.16, paragraph 102, 3/CP.17, paragraphs 3, 4, and 5, as well as the governing instrument of the Green Climate Fund, paragraphs 3, 4, 5, and 6,

Recognizing that the provisions contained in Article 11, paragraph 3 of the United Nations Framework Convention on Climate Change, and Conference of the Parties decision 3/CP.17 and the governing instrument of the Green Climate Fund contained in the annex to 3/CP.17 form the basis for arrangements between the Conference of the Parties and the Green Climate Fund,

The Conference of the Parties (hereinafter referred to as “the COP”) to the United Nations Framework Convention on Climate Change (hereinafter referred to as “the Convention”) and the Green Climate Fund (hereinafter referred to as the “GCF”) hereby reach the following arrangements:

Purpose of the arrangement

1. The purpose of the arrangements is to set out the working relationship between the COP and the GCF to ensure that the GCF is accountable to and functions under the guidance of the COP to support projects, programmes, policies and other activities in developing country Parties.

Determination and communication of guidance from the COP

2. The GCF shall receive guidance from the COP, including on matters related to policies, programme priorities and eligibility criteria.
3. The COP will, after each of its sessions, communicate guidance to the GCF.
4. The COP will provide guidance, inter alia, based upon a thorough consideration of the GCF annual reports.

Conformity with COP guidance

5. The GCF shall take appropriate action in response to the guidance received and report on actions taken.

Reconsideration of funding decisions

6. These arrangements reaffirm that the Board has full responsibility for funding decisions.
7. The GCF Board has been mandated by paragraph 69 of its governing instrument to establish an independent redress mechanism that will report to the Board.
8. The independent redress mechanism will be open, transparent and easily accessible and address, inter alia, the reconsideration of funding decisions.
9. The GCF will include in its annual reports to the COP the recommendations of its independent redress mechanism, and any action taken by the Board in response to those recommendations. The COP may provide additional guidance to clarify policies, program priorities, and eligibility criteria as they impact funding decisions.
10. Further modalities for the reconsideration of funding decisions as per Article 11, paragraph 3(b) will be developed appropriately once the independent redress mechanism is operational.

Reports from the GCF to the COP

11. The GCF is to submit annual reports to the COP for its consideration. Such annual reports shall include information on the implementation of policies, programme priorities and eligibility criteria provided by the COP, including information on the extent to which COP guidance has been adhered to by the Board.



12. Include in its reports a synthesis of the different activities under implementation and a listing of the activities approved, as well as a financial report.
13. Also include in its reports all activities financed by the GCF.
14. Specifically indicate in its reports how the GCF has undertaken to balance the allocation of resources between adaptation and mitigation activities under the Fund.
15. Include also information on the development and implementation of mechanisms to draw on appropriate expert and technical advice, including from the relevant thematic bodies established under the Convention as appropriate.
16. The COP may request additional information from the GCF via its annual guidance.

Determination and periodic review of funding necessary and available

17. In accordance with Article 11, paragraph 3 d, which calls for arrangements to determine in a predictable and identifiable manner the amount of funding necessary and available for the implementation of the Convention, and the conditions under which that amount shall be periodically reviewed:
 - a) The COP will make assessments of the amount of funds that are necessary to assist developing countries, in implementing the Convention, in order to help inform resource mobilization by the GCF.
 - b) The GCF is to provide information on resource mobilization and available financial resources, including any replenishment processes in its annual report to the COP.

Cooperation between secretariats and representation of the governing body at meetings

18. The secretariats of the GCF and the Convention may, as necessary and subject to the direction of the Board and the COP respectively, cooperate and exchange views on matters relevant to the operation of the financial mechanism of the Convention, including implementation of the arrangements between the COP and GCF, coordination with other international financing channels, and participation of representatives at relevant meetings of the bodies.
19. The participation of representatives of the secretariat of the UNFCCC and the GCF in meetings of the other body is to be governed by that body's rules of procedure.

Review and evaluation of the financial mechanism

20. The reports of the GCF should include any reports of the independent evaluation unit, including for the purposes of the periodic reviews of the financial mechanism of the Convention.
21. The COP may commission an independent assessment of the overall performance of the Fund, including Board performance, to coincide with periodic reviews of the financial mechanism.
22. The COP will invite feedback from the GCF in advance of making any conclusions or findings from the review or evaluation of the financial mechanism.

Review of the arrangements

23. These arrangements can only be modified in writing by agreement between the COP and the GCF.
24. These arrangements shall come into force upon agreement by the GCF and subsequent agreement by the COP.
25. These arrangements may only be terminated in writing by agreement between the COP and the GCF.

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Annex VI – Background documents for SCF-5

Title	Symbol
Background paper on the revised draft of the consolidated guidelines for the fifth review of the financial mechanism of the Convention	SCF/2013/5/3
Background paper on the draft guidance to the operating entities of the financial mechanism	SCF/2013/5/4
Background paper on MRV of support, and biennial assessment and overview of financial flows	SCF/2013/5/5
Background paper on options for the organization of the forum in 2014	SCF/2013/5/6
Background paper on the Code of Conduct of the SCF	SCF/2013/5/7
Submissions to the fifth meeting of the SCF	SCF/2013/5/8