



Background paper on the draft guidance to the operating entities of the financial mechanism

I. Background

1. At the seventeenth session of the Conference of the Parties (COP), Parties decided that the Standing Committee on Finance (SCF) shall assist the COP in exercising its functions with respect to the financial mechanism (FM) of the Convention including through providing draft guidance for the operating entities (OEs) of the FM of the Convention to the COP, with a view to improving the consistency and practicality of such guidance, taking into account the annual reports of the OEs as well as submissions from Parties.

2. At COP 19, Parties agreed on the arrangements between the COP and the Green Climate Fund (GCF) contained in the annex to decision 5/CP.19, thereby bringing the arrangements into force. The GCF Board was requested to report on the implementation of the arrangements in its annual reports to the COP, starting at COP 20. Furthermore, the Global Environment Facility (GEF) was encouraged to strengthen its collaborative efforts with the SCF.

3. In 2013, the SCF developed a template for the provision of draft guidance to the OEs, which served as valuable input to the discussions during COP 19 on both, the guidance to the GEF, as well as the initial guidance to the GCF. As this practice proved to be very useful in facilitating the negotiations during the COP, the SCF may wish to continue to provide its draft guidance to the OEs to the COP in this format.

4. During the sixth meeting of the SCF, representatives of the GEF and GCF will be invited to exchange views with SCF members on the issue of provision of guidance to the OEs, inter alia on consistency and practicality of such guidance. Issues referring to OE compliance with COP guidance may also be raised in this context. The SCF may wish to engage in a discussion with OE representatives, based on the potential discussion areas outlined in section II of this document, in order to look into ways of improving the way guidance is provided to the OEs, as well as to identify areas for guidance to the OEs, and issues from the perspective of the OEs which should be taken into consideration when providing guidance to the OEs.

5. Based on this discussion, the SCF may wish to consider and agree on a standardized approach to the provision of draft guidance, including the proposed template for the provision of draft guidance to the OEs of the FM as contained in section II of this document, which will be included in its annual reports to the COP. The SCF should, at the same time, be aware that this standard template should also allow for adjustment and flexibility based on future developments. Also during this meeting, and in conjunction with its discussions on the SCF communication strategy, the SCF may wish to agree on the concrete working modalities for the provision of draft guidance to the OEs, how it will interact with the relevant stakeholders, including the thematic bodies of the Convention, as well as the timeline for the work on this issue.

II. Provision of draft guidance to the operating entities

6. The SCF may wish to agree on an overall standardized procedure in the provision of draft guidance to the operating entities as this will be an annual activity of the Committee. The flow chart below outlines the proposed standardized approach for the provision of draft guidance that the SCF may wish to agree on (details on the engagement with the thematic bodies and the OEs can be found in the draft communication strategy (SCF/2014/6/10)).



Proposed draft template for the provision of draft guidance to the operating entities of the financial mechanism

[Global Environment Facility][Green Climate Fund]

Elements	COP Guidance	Actions Taken	Textual suggestions
Policies, programme priorities and eligibility criteria			<ul style="list-style-type: none"> • SCF: • Other bodies: • Submissions:
Replenishments / resource mobilization			<ul style="list-style-type: none"> • SCF: • Other bodies: • Submissions:
Operational matters			<ul style="list-style-type: none"> • SCF: • Other bodies: • Submissions:
Accountability			<ul style="list-style-type: none"> • SCF: • Other bodies: • Submissions:
Communication and interaction			<ul style="list-style-type: none"> • SCF: • Other bodies: • Submissions:
Guidance to SCCF/LDCF			<ul style="list-style-type: none"> • SCF: • Other bodies: • Submissions:
Guidance on relationship between OE and consistency with other climate finance flows			<ul style="list-style-type: none"> • SCF: • Other bodies: • Submissions:
Emerging matters General matters			<ul style="list-style-type: none"> • SCF: • Other bodies: • Submissions:
[Listing of OE-specific annual reporting requirements based on the arrangements of the COP]			<ul style="list-style-type: none"> • SCF: • Other bodies: • Submissions: