

3 October 2011

English only

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

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

Agenda item 3.4

Finance

**Submission by Australia, Canada, Japan, New Zealand and
United States of America on the UNFCCC Standing
Committee on the Financial Mechanism of the Convention**

1. On 3 October 2011, the secretariat received a submission from Australia, Canada, Japan, New Zealand and United States of America. The secretariat was requested to issue a conference room paper containing this submission.
2. This submission is attached and reproduced¹ in the language in which it was received and without formal editing. The submission has also been posted on the UNFCCC website.²

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

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

Submission by Australia, Canada, Japan, US, New Zealand

Negotiating text on the Standing Committee on finance

1. Recalling paragraph 112 of decision 1/CP.16, *affirms* that a Standing Committee is hereby established to assist the Conference of the Parties in exercising its functions with respect to the financial mechanism of the Convention.

Scope of work

2. *Decides* that the functions of the Standing Committee shall be to:

(a) Assist the Subsidiary Body for Implementation in drafting enhanced guidance to the financial mechanism for consideration to the COP by:

- (i) Making recommendations on how the consistency and practicality of guidance to the financial mechanism can be improved;
- (ii) Reviewing the annual reports of the operating entities of the financial mechanism as well as submissions by Parties pursuant to paragraph 7 of decision 2/CP.16; and
- (iii) Providing expert input to the preparation and conduct of periodic reviews of the financial mechanism by the Conference of the Parties.

(b) Provide to the Subsidiary Body for Implementation a biennial overview of climate finance flows, drawing on various sources of information including, but not limited to:

- (i) National Communications and biennial reports of both developed and developing country Parties;
- (ii) Annual reports prepared by the operating entities of the financial mechanism;
- (iii) The registry;
- (iv) Other publicly available information prepared by climate finance channels outside the Convention, such as the multilateral development banks;
- (v) Intergovernmental organizations that track climate finance, such as the OECD; and
- (vi) Available information regarding private finance flows related to mitigation and adaptation.

Composition

3. *Decides* that the Standing Committee shall comprise 16 expert members, to include:

(a) Six members from developed country Parties;

- (b) Six members from developing country Parties;
- (c) Two members from civil society; and
- (d) Two members from the private sector;

4. *Encourages* constituencies in paragraph 2 (a) through (d) above to nominate members to the Standing Committee with demonstrable expertise in the oversight, management, disbursement, or tracking of public finance and/or private investment in climate-relevant sectors, taking account the need to achieve gender balance in accordance with decision 36/CP.7. Nominees should submit curricula vitae detailing their relevant expertise.

5. *Decides* that the Standing Committee shall elect annually a chair and a vice-chair from among its members for a term of one year each, with one being a member from a developed country Party and the other being a member from a developing country Party. The positions of chair and vice-chair shall alternate annually between a member from a developed country Party and a member from a developing country Party.

6. *Decides* that representatives of the Global Environment Facility, the Green Climate Fund, and the Adaptation Fund under the Kyoto Protocol shall be invited to attend and participate in meetings of the Standing Committee in an ex-officio capacity.

7. *Decides* that meetings of the Standing Committee shall be open to attendance by facilities and institutions involved in climate finance outside the financial mechanism of the Convention.

Mode of work

8. *Decides* that the Standing Committee shall report to the Subsidiary Body for Implementation.

9. *Decides* that the Standing Committee should endeavor to reach conclusions by consensus, and that if this cannot be achieved, its conclusions will contain all views expressed.

10. *Emphasizes* that, in exercising its functions, the Standing Committee shall employ an evidence-based approach, ensuring expert, objective and impartial advice on all issues related to the financial mechanism.

11. *Decides* that the Secretariat shall provide administrative support to the work of the Standing Committee.

12. *Decides* that the Standing Committee shall operate for an initial term through 2015, at which time the Conference of the Parties will review its functions and consider whether to extend its term.