



Standing Committee on Finance

16 August 2018

**Eighteenth meeting of the Standing Committee on Finance
Bangkok, Thailand, 10–12 September 2018**

Background paper on the draft guidance to the operating entities of the Financial Mechanism

Expected actions by the Standing Committee on Finance

The Standing Committee on Finance (SCF) will be invited to:

- a) Initiate preparation of the two draft decisions on the guidance to the operating entities of the Financial Mechanism based on the annual reports of the GCF and the GEF;
- b) Request the co-facilitators to prepare a consolidated draft text by SCF 19, based on the initial draft text to be prepared during this meeting and the additional inputs to be received intersessionally from the SCF, Parties, and other constituted bodies.

I. Possible actions for consideration by the Standing Committee on Finance

1. The Standing Committee on Finance (SCF) may wish to initiate preparation of the two draft decisions on the guidance to the operating entities (OEs) of the Financial Mechanism. In its deliberations, the SCF may wish to consider the following:

- (a) The annual reports of the Green Climate Fund (GCF) and the Global Environment Facility (GEF) to the COP;
- (b) The initial inputs on the draft guidance from the members of the SCF;

2. The annual reports of the operating entities and all inputs will be posted on the SCF 18 documents page, as soon as the secretariat receives them.¹

3. The SCF may wish to take note of the timeline contained in annex I, which illustrates the expected timing of the addenda reports of the GCF and the GEF and the additional inputs from the constituted bodies and Parties to be received by the next meeting (SCF 19).

4. In light of the timeline, at this meeting, the SCF may wish to agree on the initial draft guidance to the OEs, based on the available information provided by the OEs in their annual reports. The expected scope and content of the 2018 reports of the OEs is provided in paragraphs 11–12 below.

5. Furthermore, the SCF may wish to agree to finalize the draft guidance at its next meeting (SCF 19), based on (1) the agreed initial draft guidance to be prepared during this meeting, and (2) the addenda and the additional inputs to be received by the next meeting. The SCF may also wish to agree on the intersessional work, which could include:

- (a) Provide additional inputs on the two draft decisions, based on the addenda reports to be received prior to SCF 19;²

¹ Web address

² The addenda to the GEF report will be received prior to SCF 19. The addendum to the GCF report, however, is likely to be submitted in the first week of November, about two weeks after the conclusion of B.21 (17–20 October).

(b) Request the co-facilitators to prepare a consolidated draft text based on initial inputs at this meeting and the additional submissions from the SCF members, Parties, the Adaptation Committee (AC) and the Technology Executive Committee (TEC), for consideration by the Committee at SCF 19.

II. Background

Mandate

6. In decision 2/CP.17, the COP decided that the SCF shall provide to the COP draft guidance for the operating entities of the financial mechanism of the Convention, with a view to improving the consistency and practicality of such guidance, taking into account the annual reports of the operating entities as well as submissions from Parties.³

7. In the context of the review of the functions of the SCF, COP 23 encouraged Parties and other constituted bodies to continue to provide submissions for the preparation of draft decisions on guidance to the operating entities, based on the reports of the operating entities, in a timely manner to the SCF.⁴

Recapitulation of the previous meeting

8. At SCF 17, a working group was formed to facilitate the work on draft guidance to the operating entities, consisting of Ms. Diann Black Layne (co-facilitator), Ms. Sonja Djukic (co-facilitator), Mr. Ayman Shasly, Mr. Zaheer Fakir, Mr. Peter Horne, Mr. Pieter Terpstra and Mr. Randy Caruso (for information).

9. Furthermore, the SCF decided to continue with its current approach of providing draft guidance to the operating entities in the form of a draft decision text, based on the annual reports of the GEF and the GCF and the inputs from the Parties and the relevant constituted bodies.

10. As agreed by the Committee at its 17th meeting, the AC and the TEC were invited to provide inputs on the draft guidance to the GEF and GCF.

Content of the 2018 reports of the operating entities

11. The annual report of the GCF, expected to be released in mid-August, will provide an overview of milestones reached by the GCF from 1 November 2017 to 30 April 2018 with respect to guidance received from the COP. It will contain information on matters related to access, including the simplified approval process (SAP) and status of resources and support provided for forest-related actions, technology, and capacity-building. In particular, the GCF report will contain information related to the new decision by the Board adopted at its 20th meeting that calls for a financial planning of the GCF commitment authority for the initial resource mobilization of the Fund.⁵ The addendum to the GCF report, to be prepared and submitted after the 21st meeting of the Board (17–20 October), will capture progress made since B.20 and at B.21.

12. The annual report of the GEF, expected to be available around 27 August, will cover the outcomes of the 7th replenishment of the GEF and its programming policies, initiatives and achievements in the areas of climate change mitigation (CCM), climate change adaptation (CCA), and capacity-building in fiscal year (FY) 2018 (July 1, 2017 to June 30, 2018). The NC and BUR addenda to the GEF report will be submitted in mid-October.

Update on the APA work on the initial guidance

13. During the resumed session of the Ad Hoc Working Group on the Paris Agreement (APA) in May 2017, the APA agreed to continue its consideration of the remaining possible additional matters, which include, inter alia, initial guidance by the CMA to the operating entities of the Financial Mechanism under Article 9, paragraph 8, and decision 1/CP.21, paragraphs 58 and 61 to 63, as well as initial guidance by the CMA to the Least Developed Countries Fund and the Special Climate Change Fund in accordance with decision 1/CP.21, paragraph 58. During the resumed session of the APA in November 2017, the APA continued its deliberations on this matter.⁶

³ Decision 2/CP.17, paragraph 121 (c).

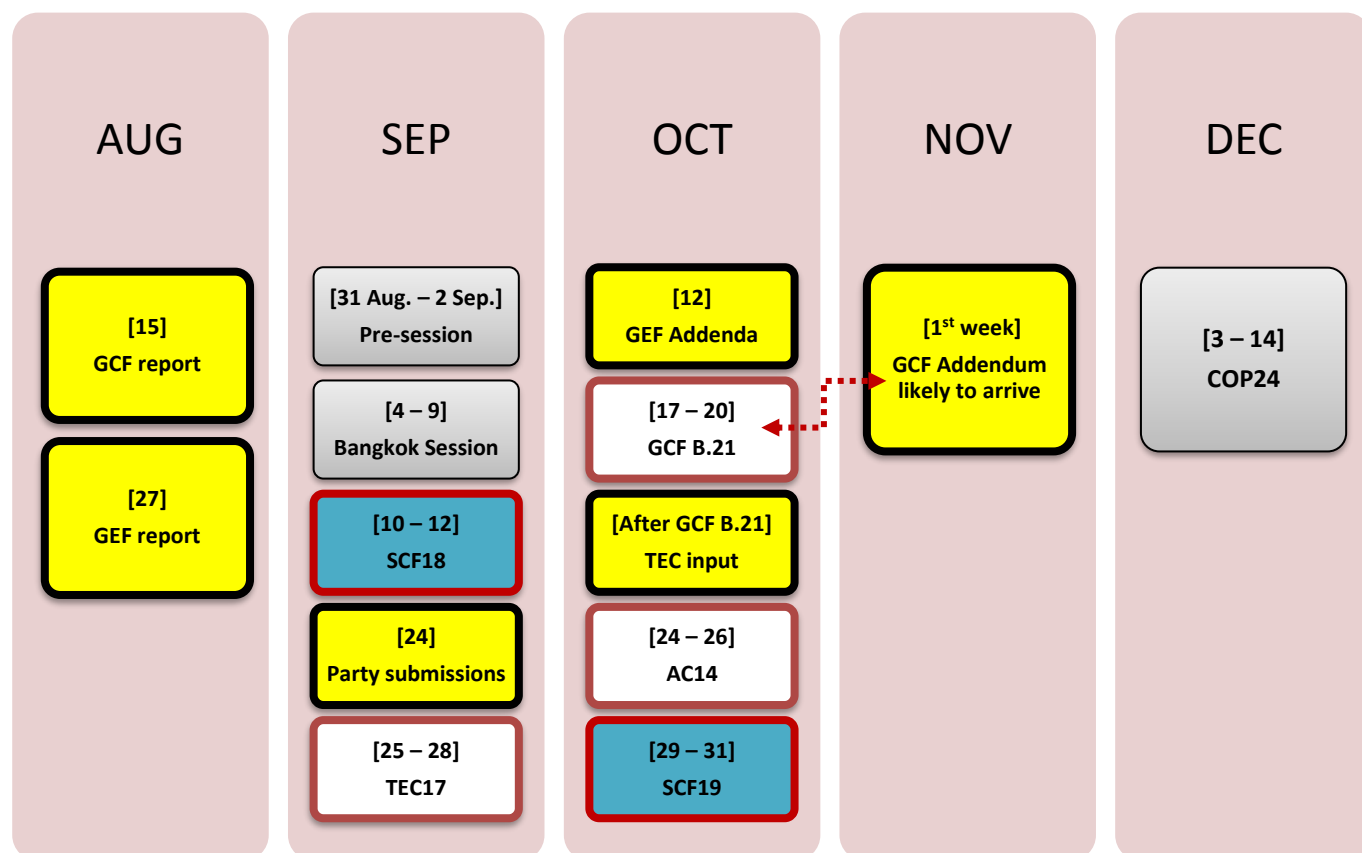
⁴ Decision 8/CP.23, paragraph 6–8.

⁵ Decision B.20/07, paragraphs (e)–(g).

⁶ See also the “Informal note on agenda item 8: Further matters related to implementation of the Paris Agreement: other matters” contained in document FCCC/APA/2017/L.4/Add.1, pages 263 and 264.

Annex I

Timeline of input submissions relevant to draft guidance



Legend:

