



Conference of the Parties
Nineteenth session
Warsaw, 11–22 November 2013

Agenda item 11(f)

Matters relating to finance

Fifth review of the financial mechanism

Fifth review of the financial mechanism

Proposal by the President

Draft decision -/CP.19

Fifth review of the financial mechanism

The Conference of the Parties,

Recalling decisions 3/CP.4, 2/CP.12, 6/CP.13, 2/CP.16 and 2/CP.17,

Taking into account decision 8/CP.18,

1. *Welcomes* the draft updated guidelines provided by the Standing Committee on Finance as contained in its report to the Conference of the Parties;¹
2. *Decides* to adopt the updated guidelines annexed to this decision;
3. *Requests* the Standing Committee on Finance to continue to provide expert input to the fifth review of the financial mechanism, with a view to the review being finalized by the Conference of the Parties at its twentieth session (December 2014).

¹ FCCC/CP/2013/8, annex IV.

Annex

Updated guidelines for the fifth review of the financial mechanism

A. Objectives

1. In accordance with Article 11, paragraph 4, of the Convention, the objectives of the fifth review of the financial mechanism 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 and the guidance provided by the Conference of the Parties (COP);
 - (ii) The effectiveness of the activities it funds in implementing the Convention;
 - (iii) 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;
 - (iv) Its effectiveness in providing resources to developing country Parties under Article 4, paragraph 3, of the Convention;
 - (v) The effectiveness of access modalities for developing countries;
- (b) To examine how to improve consistency and 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 developing country Parties to contribute to the achievement of the objective of the Convention, in particular innovative means of financing, such as for the development of endogenous technologies in developing countries;
 - (ii) Examining the role of the financial mechanism in scaling up the level of resources;
 - (iii) Assessing enabling environments for catalysing investment in, and the transfer of, environmentally sound technologies that mitigate greenhouse gas emissions, and for enhancing resilience to climate change.

B. Sources of information

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

- (a) Information provided by Parties on their experiences regarding the financial mechanism support provided and received in accordance with COP decisions;
- (b) Annual reviews by the COP on the conformity of the activities of the financial mechanism with the guidance provided by the COP;
- (c) The annual report of the Standing Committee on Finance to the COP on its activities and other relevant information documents regarding the Standing Committee on Finance;
- (d) The annual report of the Global Environment Facility (GEF) to the COP on its activities as an operating entity of the financial mechanism, including the information on

the Least Developed Countries Fund and the Special Climate Change Fund, and other relevant GEF policy and information documents;

- (e) The reports from the GEF Independent Evaluation Office;
- (f) The annual report of the Green Climate Fund (GCF) to the COP on its activities as an operating entity of the financial mechanism and other relevant GCF policy and information documents;
- (g) The report of the Adaptation Fund Board to the Conference of the Parties serving as the meeting of the Parties to the Kyoto Protocol and the outcomes of the initial review of the Adaptation Fund;
- (h) The outcomes and reports from the United Nations processes, relevant bilateral and multilateral funding institutions and other intergovernmental and non-governmental organizations dealing with climate change financing;
- (i) Relevant reports on private-sector financing and investment for climate change activities;
- (j) Technical papers and reports prepared by the secretariat at the request of the COP, which are relevant to the financial needs of developing country Parties under the Convention;
- (k) Information contained in the national communications of Parties to the Convention, technology needs assessments and national adaptation programmes of action;
- (l) Information on fast-start finance provided by developed country Parties and other information on fast-start finance;
- (m) The reports on the work programme on long-term finance;
- (n) The report on the workshops of the work programme under decisions 1/CP.16 and 2/CP.17 on policy approaches and positive incentives;
- (o) The reports of the Least Developed Countries Expert Group and the Consultative Group of Experts on National Communications from Parties not included in Annex I to the Convention.

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 the operating entities of the financial mechanism;
- (b) The level of stakeholder involvement;
- (c) The extent to which the financial mechanism is contributing to gender-sensitive approaches;
- (d) The adequacy, predictability, accessibility and timely disbursement of funds for activities in developing country Parties;
- (e) The responsiveness and efficiency of the GEF project cycle and expedited procedures, including its operational strategy, as they relate to climate change;
- (f) The amount of resources provided to developing country Parties, including financing for technical assistance and investment projects, and the mechanisms for country allocation, as well as the results and impacts achieved by the resources provided;

- (g) The amount of finance leveraged and modalities of co-financing when applicable;
 - (h) The extent to which the resources provided are contributing to achieving the objectives of the Convention;
 - (i) The sustainability of funded programmes, projects and operations in developing country Parties;
 - (j) The extent to which the financial mechanism is contributing to country ownership of programmes and projects.
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