



## Report of the third meeting of the Standing Committee on Finance

8–10 March 2013  
Bonn, Germany

### Attendance

Mr. Stefan Agne  
Mr. Houssen Alfa Nafo (Seyni)  
Mr. Gregory Andrews  
Ms. Diann Black Layne (Co-Chair)  
Mr. Kyekyeku Yaw Oppong Boadi  
Mr. Paul Bodnar  
Mr. Georg Børsting  
Mr. Jozef Buys  
Ms. Outi Honkatukia  
Mr. Søren Jakobsen  
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  
Mr. Teruhiko Shinada

### Proceedings

The third meeting of the Standing Committee on Finance (SCF) was opened at 9.35 a.m. on 8 March 2013.

#### 1. Opening of the meeting

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

#### 2. Organizational matters

##### (a) Adoption of the agenda

1. A suggestion was made to discuss a code of conduct for the Committee. As proposed by Co-Chair, this issue was added to the agenda item under “Other matters” sub-item 8 (d). The committee also agreed to discuss issues related to the work programme on long term finance, including the invitation by the COP to bodies under the Convention to provide expert inputs by 21 March 2013. This was added as an additional item in the agenda under 7.

2. The SCF adopted the agenda as amended which is contained in document SCF/2013/3/1/Rev.1.



**(b) Organisation of the work of the meeting**

3. Co-Chair Schwager explained that the working arrangements for the third SCF meeting would include plenary discussions on each agenda item and breakout sessions on the key issues.

**3. Overview of the key outcomes of the Doha Conference and implications for the work of the SCF in 2013**

**A. Discussion**

4. Co-Chair Schwager introduced the agenda item by inviting the members to consider the background document containing an overview of the SCF-related decisions coming out of COP 18 and a draft operational plan for the committee for 2013 (SCF/2013/3/3).

5. Several committee members highlighted the importance of the work on developing the guidance to the operating entities and proposed that it should commence earlier than in September as suggested in the draft operational plan.

6. A committee member highlighted the importance of undertaking work on measuring, reporting and verification (MRV) of support, which should also be relevant in the context of the high-level ministerial dialogue on long-term finance to be held at COP 19.

7. Several committee members called for developing and strengthening linkages with other thematic bodies under the Convention such as the Adaptation Committee and the Technology Executive Committee as well as the Green Climate Fund (GCF) Board and the Adaptation Fund Board.

8. An observer representative underlined that the SCF plays a central role in improving the overall architecture on climate finance. Referring to the meeting of the Adaptation Committee, which had just ended, he noted a missed opportunity for personal meetings among members of thematic bodies under the Convention.

9. A committee member proposed synergies need to be established with the Board of the GCF, for instance through holding joint meetings, especially in light of the joint work on the arrangements between the COP and the GCF Board. He suggested communicating this proposal formally to the secretariat.

10. Another committee member cautioned against aligning meetings of the SCF and the GCF Board noting that a certain distance between bodies can be healthy as it allows for more neutral work. Yet another committee member noted the need for a more strategic discussion about linkages with the GCF Board in order to fulfil the mandated task of developing the arrangements between the COP and the GCF.

11. On the MRV function of the SCF, one committee member pointed out paragraph 71 of decision 1/CP.18, requesting the SCF, in initiating the first biennial assessment and overview of climate finance flows, to take into account relevant work by other bodies and entities on the MRV of support and the tracking of climate finance. According to the member, based on this, the issue of MRV of financing should be part of the agenda of the fourth meeting of the SCF. This proposal was supported by some other committee members.



12. Co-Chair Diann Black Layne noted that the SCF Co-Chairs met with representatives of other thematic bodies under the UNFCCC as well as various other stakeholders in Doha and that the work by the Secretariat on developing a web space for interaction is on-going.

**B. Outcome of the discussions**

13. The Co-Chairs took note of the views expressed by members and agreed to take them into account when revising the operational plan.

**4. COP – GCF arrangements**

**A. Discussion**

14. Co-Chair Layne introduced the agenda item and invited the members to consider proposed working modalities and the schedule to develop COP-GCF arrangements as contained in the background document (SCF/2013/3/4), as well as the views from members circulated prior to the meeting (SCF/2013/3/MISC.1). The SCF addressed this issue in plenary and breakout group meetings.

15. Discussions focused on the identification of elements as basis for the development of the arrangements between the COP and the GCF, as well as on how to initiate a discussion with the GCF Board and on joint working modalities.

16. Members agreed that Article 11 of the Convention and decision 3/CP.17, including the Governing Instrument of the GCF in the annex thereto, form the basis for COP-GCF arrangements and that the aim is to ensure that the GCF functions under the guidance of and is accountable to the COP. However, some members were of the view that these Article and COP decisions are also sufficient to achieve this purpose.

17. Some members raised the concern that the arrangements should not be used as a way for the COP to micromanage the operations of the GCF.

18. The committee agreed to propose a list of elements for COP-GCF arrangements to the GCF Board and then to develop the contents of each element. The list of elements for arrangements between the COP and the operating entity developed by the Intergovernmental Negotiating Committee for a FCCC in 1994 (A/AC.237/87) was proposed by a member as input for discussions on this issue.

19. One committee member proposed to include a review of the Board's decision-making process and a dispute resolution procedure as an element of the COP-GCF arrangements but there was no agreement among members on this proposal.

20. Several committee members also supported including the issue of mobilisation of funds as an element of COP-GCF arrangements, but no agreement was reached on this. The Committee agreed to consider this issue in the context of drafting the guidance to the operating entities in general, initial guidance to the GCF in particular, as well as in the context of the discussions around the area of accountability of the GCF to the COP.

21. An observer representing Transparency International raised the issue of how the COP can ensure an accountability structure, referring to concerns raised due to alleged corruption in the GCF Board in relation to vote-buying at some stage of the decision making process of this body.

**B. Outcome of the discussions**

22. The committee requested the Co-Chairs to communicate to the GCF Board the agreed list of possible elements for the COP-GCF arrangements, a proposal for work



modalities, and a timeline, as contained in Annex I to this report, at the Board's meeting on 13–15 March 2013 in Berlin.

23. The committee agreed that it will further consider and elaborate on the issue of mobilization of funds in the context of guidance to the operating entities in general and the initial guidance to the GCF in particular, as well as in the context of the reporting modalities of the GCF to the COP.

## 5. Operationalization of the Forum of the Standing Committee on Finance

### A. Discussion

24. Co-Chair Layne introduced the agenda item and invited the members to consider the intersessional work conducted by a working group (SCF/2013/3/5) and submissions by Committee members (SCF/2013/3/MISC.2/Rev.1). The item was discussed both in plenary meeting and break out group.

25. During discussions, the committee members underlined the following: that the Forum represents a unique opportunity to position the SCF and make it known in the outside world; that its organisation should not be outsourced to external organisations to keep the ownership of the Forum; that the Forum is an ongoing effort and should provide an avenue for two-way communication and interaction; and that it should be value-added and carefully designed, given a large number of other climate finance initiatives.

26. Other issues discussed included the need to address both mobilisation and investments of funds, as well as how the Forum differs from the work programme on long-term finance. Several Committee members suggested the Forum should look at the full range of climate finance flows and the role of the actors involved, and within both mitigation and adaptation financing. Suggestions were also made that the Forum should become a platform to engage the private sector and that it should address investment drivers in climate change mitigation and adaptation, and ways to make investments more climate-compatible.

27. A committee member also underlined the importance of the products resulting from the Forum, suggesting it should lead to formal recommendations for the COP.

28. A committee member additionally pointed to paragraph 70 of decision 1/CP.18, which states that the COP looks forward to the implementation of the work programme of the SCF, including the creation of a climate finance forum which will enable all Parties and stakeholders to, inter alia, exchange ideas on scaling up climate finance.

29. Another committee member also pointed out that the forum, as an activity of the SCF, is part of the overall mandate of the SCF, as contained in decisions 1/CP.16 and 2/CP.17, in terms of improving coherence and coordination in the delivery of climate change financing, as well as the specific mandate provided to the SCF in decision 2/CP.17, paragraph 121 a.

30. A secretariat representative noted that the need to sign a country host agreement which includes provisions on privileges and immunities will be an important consideration in organising the Forum. A suggestion was made that future Forums can be held in developing countries to get on-the-ground perspectives on climate financing as well as showcasing on-going initiatives.

31. An observer representative from the World Bank informed the Committee on the purpose, contents and audience of Carbon Expo, as a co-organizer of this event, noting it is currently moving from carbon finance thematic to climate finance.



32. An observer representative from the Climate Investment Funds (CIF) Administrative Unit informed the committee of the CIF Partnership Forum which is organised to share lessons and experiences among recipient countries every 18 months. She invited the SCF to consider the possibility that the Forum of the SCF in 2014 can be organised in conjunction with the next CIF Partnership Forum taking place in May 2014.

#### **B. Outcome of the discussions**

33. The outcomes of the discussions, contained in Annex II, include suggestions on the main theme, sub-themes, venue, audience, format and other arrangements relating to the organisation of the Forum. The working group will continue intersessional work on finalising the arrangements for the first Forum to be held in conjunction with Carbon Expo 2013. The members of this group will be: Mr. Stefan Agne, Mr. Paul Bodnar, Mr. Raymond Landveld, Mr. Ulf Moslener, Mr. Seyni Nafo and Mr. Paul Herbert Oquist Kelley, to be coordinated by Mr. Syed Mujtaba Hussain.

34. The group was requested to bear in mind the possibility of an alternative plan should difficulties arise in the administrative and legal arrangements which need to be observed in the organisation of the Forum in conjunction with the Carbon Expo.

35. The Committee also requested the Secretariat to undertake all necessary actions, in collaboration with the World Bank, to finalise all required legal arrangements for the organisation of the forum.

### **6. Fifth review of the financial mechanism**

#### **A. Discussion**

36. Co-Chair Layne introduced the agenda item and invited the members to consider the background document (SCF/2013/3/6). The item was discussed both in plenary and break out group meetings.

37. Discussions focused on the scope of the fifth review of the financial mechanism, and on what information should be taken into account in updating the guidelines for the review.

38. Some committee members were of the view that the guidelines for the fifth review need to be expanded in light of new developments such as the establishment of the GCF. They suggested in updating the guidelines, the SCF needs to draw upon, inter alia, lessons learnt on fast-start finance and direct access modalities. Also, some Committee members proposed the review should cover measurement, reporting and verification (MRV) of support and provide a broad picture of climate finance pledged, approved, disbursed and received.

39. Several committee members opined that the current guidelines for the review of the financial mechanism are comprehensive and the review should be based on existing guidelines contained in decisions 3/CP.4 and 6/CP.13, and COP guidance on the fifth review contained in decision 8/CP.18. One committee member suggested a streamlining of the existing guidelines in light of the broader mandate of the SCF.

40. However, members had a broad understanding that the outcome of past reviews, was not fully in line with expectations stemming from the terms of reference of existing guidelines.

41. Some committee members also noted that the scope of the fifth review covers the two operating entities of the financial mechanism, that is the GCF and Global Environmental Facility (GEF), while a biennial assessment of climate finance flows covers



all finance channels, including fast-start finance. A suggestion was also made that the review can look at how the funds have been used. Another member suggested that the review should also provide information on the reasons and drivers that explain the use of different financial channels other than the financial mechanism of the Convention.

42. Some members emphasised the need to look at the allocation of resources between mitigation and adaptation, and in that context lessons should be drawn from all relevant experiences, including those in the Adaptation Fund.

43. Several committee members suggested that in updating the guidelines, the SCF should also take into account submissions from Parties and observers.

44. An observer representative from GermanWatch proposed that the scope of the review should be broad and includes bilateral and regional climate finance flows as indicated by article 11 of the Convention. He also suggested that the review should cover, *inter alia*: experiences with direct access modalities in operating entities, performance indicators, and involvement of observers in GCF Board meetings.

45. The observer representing the GEF secretariat expressed readiness to cooperate with the SCF on the review of the financial mechanism, noting that the next GEF replenishment in the first half of 2014 should be taken into account.

#### **B. Outcome of the discussions**

46. The Committee agreed on the modality of work presented in the report of the group as per Annex III. The working group to follow up on this issue will be composed of Mr. Josef Buys, Ms. Bernarditas Muller, Mr. Raymond Landveld, Mr. Stefan Agne, Mr. Paul Bodnar, Ms. Diann Black Layne, Ms. Outi Honkatukia, and Mr. Houssen Alfa Nafo.

47. The Committee requested several members of the group – Mr. Josef Buys, Ms. Bernarditas Muller, Mr Raymond Landveld, Mr. Stefan Agne – to meet informally with relevant GEF officers, including those from the GEF Evaluation Office, in conjunction with the meeting of the GEF Council in June this year.

48. The Committee agreed that the working group will continue to work intersessionally on the guidelines for the 5<sup>th</sup> review of FM on the basis of the existing consolidated guidelines, as contained in Annex IV, submissions by Parties contained in FCCC/CP/2013/MISC.X and views expressed by members at this meeting.

49. The Committee requested the Co-Chairs to provide an update on the status of work on the fifth review of the financial mechanism to SBI 38, as requested by COP 18, noting that the Committee agreed that existing guidelines provide a strong basis to promptly start the preparations for the technical work on the review.

## **7. Input to the work programme on long-term finance**

### **A. Discussion**

50. Co-Chair Layne explained that COP 18 invited Parties and thematic and expert bodies under the Convention to provide views on long-term finance to the work programme by 21 March 2013 for consideration by the co-chairs of the work programme (decision 4/CP.18).

51. Several Committee members suggested that providing substantial inputs to the 2013 work programme may be premature in light of the lack of further information on the actual outline of the work programme for 2013. Other members noted a short submission outlining the relevance of the SCF's mandate to long-term finance would be useful.

**B. Outcome of the discussions**

52. The Committee agreed that the Co-Chairs will provide the report of the third meeting of the SCF as formal submission to the work programme on long-term finance, including an indication that the SCF stands ready to support the implementation of the work programme as well as potential synergies between the SCF forum and the activities of the work programme. Annex V to this report contains the draft submission of the SCF to the work programme on long-term finance .

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

53. Several Committee members suggested Bonn as the venue for the next meeting of SCF in conjunction with the SB session and requested the co-chairs to finalise such arrangements including the dates.

**(b) Modalities for documenting the outcomes of meetings of the SCF**

54. The committee agreed to adopt the report of its second meeting within the two weeks following the conclusion of this meeting.

**(c) Issues for further consideration at the next meeting**

55. The Committee agreed to include the following issues in its agenda of its next meeting:

- a. Relevant linkages with other bodies and processes under the Convention where inputs by the SCF should be provided;
- b. Guidance to the operating entities of the financial mechanism;
- c. MRV of support.

**(d) Report of the third meeting of the SCF**

56. The committee agreed to adopt the report of its third meeting within the two weeks following the circulation of the draft report to members.

**(e) Code of conduct of the SCF**

57. The Committee was not able to discuss this item at its third meeting and agreed to consider this item at its next meeting.

58. The Committee invited members to submit inputs intersessionally and also requested the secretariat to look at possible examples of other bodies defining their codes of conduct.

**9. Closure of the meeting**

59. The Co-Chairs thanked the committee members for productive work, the secretariat for its support and observers for their participation, and closed the third meeting of the SCF at 4.00 p.m. on Sunday, 10 March 2013.



## Annex I – Arrangements between the COP and the GCF

United Nations  
Climate Change SecretariatNations Unies  
Secrétariat sur les changements climatiques

Mr. Zaheer Fakir  
Co-Chair  
Green Climate Fund Board  
Deputy Director General  
International Relations  
Department of Environmental Affairs  
Private Bag X447  
0001 Pretoria, South Africa

Date: 10 March 2013  
Reference: AK/MJ/af  
Direct line: +49 228 815-1764

Mr. Ewen McDonald  
Co-Chair  
Green Climate Fund Board  
Deputy Director General  
Humanitarian and International Group  
Australian Agency for International Development  
Canberra, Australia

**Communication of outcomes of discussions during the third meeting of the  
Standing Committee on Finance on the development of the  
arrangements between the Conference of the Parties and the Green Climate Fund  
pursuant to decision 7/CP.18 of the Conference of the Parties**

Dear Mr. Fakir,  
Dear Mr. McDonald,

By its decision 7/CP.18, paragraph 2, the Conference of the Parties (COP) requested the Standing Committee on Finance (SCF) and the Board of the Green Climate Fund (GCF) to develop arrangements between the COP and the GCF in accordance with the governing instrument of the GCF and Article 11, paragraph 3, for agreement by the Board and subsequent agreement by the COP at its nineteenth session (COP 19). A copy of decision 7/CP.18 is enclosed for ease of reference.

In that decision, the COP recognized that the provisions contained in Article 11, paragraph 3, and decision 3/CP.17 and the governing instrument of the GCF contained in the annex to decision 3/CP.17 form the basis for arrangements 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.

At its third meeting held from 8-10 March 2013, the SCF considered this matter in particular the modalities of work between the SCF and the GCF to develop the arrangements, the timelines, and the possible elements of the arrangements.





Page 2

The SCF requested its Co-Chairs to send a formal communication to the GCF Board containing the outcome of the SCF's discussion on this matter and the recommendations of the SCF for consideration by the GCF Board. The SCF further requested its Co-Chairs to meet with the Co-Chairs of the GCF Board to discuss the modalities of work between SCF and GCF Board to develop the arrangements.

The proposed modality of work between the SCF and the GCF Board for the development of the arrangements is contained in annex I.

The possible elements of the arrangements as agreed by consensus by the SCF are contained in annex II to this communication. These possible elements are derived from the provisions of decision 7/CP.18, paragraph 1, of the COP.

With regard to the timelines, the SCF noted that there is a short period for the development of the arrangements for agreement by the Board and subsequent agreement by the COP, at its nineteenth session. There is therefore an urgency to agree on the modalities of cooperation between the SCF and the GCF Board. The SCF therefore recommends the proposed timelines contained in annex III to this communication for consideration by the Board.

We look forward to meeting with you on the margins of the third meeting of the GCF Board, to be held in Berlin on 13 to 15 March, to present the recommendations of the SCF concerning the modalities of work, timelines and possible elements of the arrangements.

We would appreciate your prompt attention on this matter, including bringing this communication to the attention of the GCF Board so that the SCF and the GCF Board can reach a common agreement on how to move forward on this mandated matter in view of the time constraints and to develop the arrangements for agreement by COP 19.

We look forward to your formal response.

Yours sincerely,

Diann Christine Black Layne  
Co-Chair of the Standing Committee on Finance

Stefan Schwager  
Co-Chair of the Standing Committee on Finance

Annex I: Proposed options for the modalities of work between the SCF and the GCF Board to develop the arrangements

Annex II: Possible elements for the arrangements between the COP and the GCF

Annex II: Proposed timelines for the development of the arrangements between the COP and the GCF

Enclosure: Decision 7/CP.18

CC: Interim Secretariat of the GCF



Page 3

**Annex I: Proposed option for the modalities of work between the SCF and the GCF Board to develop the arrangements**

That the Co-chairs of the SCF and the Co-Chairs of GCF Board be mandated to develop the draft arrangements, based on the proposed elements agreed by the SCF, to be further developed in the manner they see fit.

That the draft arrangements be presented for consideration at the next meetings of the SCF and the GCF Board, to be further developed in the inter-sessional period for endorsement by the SCF, presentation for finalization and agreement by the GCF Board, and subsequent presentation by the SCF to COP 19 for subsequent agreement.



Page 4

**Annex II: Possible elements for the arrangements between the COP and the GCF**

- Preamble
- Purpose of the arrangement
- Determination and communication of guidance from the COP
- Conformity with COP guidance
- Reconsideration of funding decisions
- Reports from the operating entity to the COP
- Determination and periodic review of funding necessary and available
- Cooperation between secretariats
- Representation in meetings of governing bodies
- Review and evaluation of the financial mechanism
- Review of the arrangements



**Annex II – Report of the breakout group on the operationalisation of the Forum of the SCF**

1. The third meeting of the Standing Committee on Finance (SCF) conducted in-depth discussions on the organisation of the Forum of the SCF in a breakout group format. The breakout group discussed this issue on 9 March and agreed on the following conclusions:

Timing and venue:

2. The Forum will take place back-to-back with the Carbon Expo in Barcelona on [28][27 and 28] May 2013.
3. It will take place prior to the beginning of the Carbon Expo with a 90 minutes slot within the expo's programme for the closing of the forum.
4. Some members also mentioned that the SCF might wish to continue to seek other options in case the Carbon Expo option was not feasible due to possible complications with a Memorandum of Understanding between the UNFCCC and the government of Spain.

Themes, potential target audiences and resource persons:

5. All members agreed that the SCF should retain control over the content and substance of the forum.
6. A proposal was suggested that the overall theme should be mobilizing finance for climate action now.
7. Possible topics within this theme would be:
  - (i) Role of actors related to climate finance → in the context of coherence and coordination in the delivery of climate change financing
  - (ii) Mitigation
  - (iii) Adaptation
  - (iv) Strategy for mobilization of climate finance
8. Not all members expressed full endorsement to the theme but all members agreed to discuss this again at the plenary.

Format:

9. Proposals included a presentation of case studies, particularly highlighting experiences and innovations at the national level.

Administrative arrangements:

10. The SCF may wish to request the co-chairs to finalise necessary administrative arrangements with the World Bank (co-organizer of the Carbon Expo) and other necessary counterparts with support from the secretariat.

**Annex III – Report of the breakout group on the fifth review of the financial mechanism**

1. At its third meeting the Standing Committee on Finance conducted in-depth discussions on the initiation of the fifth review of the financial mechanism in a breakout group format. The breakout group discussed this issue on 9 March and agreed on the following conclusions:
2. Work on this issue should proceed as follows:
  - (a) Guidelines for the review:
    - (i) Existing guidelines are still relevant and cover most of the areas needed to be addressed or taken into account in the review;
    - (ii) Further guidance in para 2 of Decision 8/CP.18 includes all the necessary new elements to update the existing guidelines;
    - (iii) However, members recognised that inputs by Parties contained in FCCC/CP/2013/MISC.X should also be considered;
    - (iv) Based on the above, members agreed to finalise updating the guidelines by (SCF4)(May).
  - (b) Start of preparations of the technical work:
    - (i) Technical work in preparation for the review to be undertaken in 2013 should start promptly;
    - (ii) It is important to ensure a high degree of specialized and technical information flow to support the preparations of technical work;
    - (iii) The SCF should also allow for enhanced engagement and communication with relevant stakeholders and sources of technical inputs.
3. Balance: broad understanding was expressed about the need to ensure that all specialized and technical inputs reflect proper balance between mitigation and adaptation, as well as views from a wide range of countries and regions.
4. Timelines:

<b>Work track</b>	<b>Timelines</b>
Guidelines	SCF4 June 2013
Preparations of the technical work	
Initial call for technical inputs	(January) 2014
Interaction with the GEF Council and secretariat	June 2013
Interaction with the GCF Board	Tbd
Dedicated panel discussion at the SCF forum	Forum dates
Online Resource library	As soon as made available by the secretariat

5. Modality of work: the group agreed that a working group should be established with a core team of four SCF members, with additional members participating in accordance with their availability and interest. This working group would be coordinated by (a)(two) coordinator(s) to be appointed by the SCF at its third meeting in order to facilitate immediate follow up.



## Annex IV – Consolidation of existing guidelines for the review of the financial mechanism

1. At its third meeting the Standing Committee on Finance (SCF) agreed to consolidate the existing guidelines for the conduct of the 5th Review of the Financial Mechanism in order to facilitate a prompt start of its work on preparations for the technical work to be undertaken in 2014.
2. The SCF also recalled that COP18 requested the Standing Committee to further amend the guidelines for the review of the financial mechanism, and to provide draft updated guidelines for consideration and adoption by the Conference of the Parties at its nineteenth session taking into account existing guidelines and recent developments within the financial mechanism of the Convention, drawing upon information from, inter alia:
  - (a) Fast-start finance,
  - (b) The work of the Green Climate Fund, taking into account its early stage of operationalization,
  - (c) The initial review of the Adaptation Fund, and
  - (d) The work programme on long-term finance.
3. Members agreed that submissions by Parties providing inputs for further updating the guidelines will also be taken into account in the recommendation to be prepared for COP19.
4. Members also agreed that preparations for technical work should start promptly by a series of activities as outlined in the report of the break out group contained in Annex III of the report of the meeting.

### I. Guidelines contained in 3/CP.4

#### A. Objectives

5. In accordance with Article 11.4 of the Convention, the objectives will be to review the financial mechanism and take appropriate measures regarding:
  - (e) Its conformity with the provisions of Article 11 of the Convention;
  - (f) Its conformity with the guidance of the Conference of the Parties (COP);
  - (g) The effectiveness of the activities it funds in implementing the Convention;
  - (h) 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;
  - (i) Its effectiveness in providing resources to developing country Parties under Article 4.3 of the Convention.

#### B. Methodology

6. The review shall draw upon the following sources of information:
  - (a) Information provided by the Parties on their experiences regarding the financial mechanism;



- (b) Annual reviews by the COP on the conformity of the activities of the financial mechanism with the guidance of the COP;
- (c) The annual report of the Global Environment Facility (GEF) to the COP on its activities as the operating entity of the financial mechanism, the annual reports of the GEF and other relevant GEF policy and information documents;
- (d) Reports from the GEF monitoring and evaluation programme;
- (e) Reports from the United Nations Commission on Sustainable Development and relevant bilateral and multilateral funding institutions;
- (f) Relevant information provided by other intergovernmental and non-governmental organizations.

### C. Criteria

7. The effectiveness of the financial mechanism will be assessed taking into account the following:
- (a) The transparency of decision-making processes;
  - (b) The adequacy, predictability and timely disbursement of funds for activities in developing country Parties;
  - (c) The responsiveness and efficiency of the GEF project cycle and expedited procedures, including its operational strategy, as they relate to climate change;
  - (d) The amount of resources provided to developing country Parties, including financing for technical assistance and investment projects;
  - (e) The amount of finance leveraged;
  - (f) The sustainability of funded projects.

## II. Guidelines contained in 6/CP.13

### A. Objectives

8. In accordance with Article 11 of the Convention, an additional objective of the review of the financial mechanism is to examine how to facilitate consistency in financing activities and how to improve the complementarity of the financial mechanism with other sources of investment and financial flows, including:
- (a) Examining relevant sources and means of financing, as indicated in Article 11, paragraph 5, of the Convention, that would assist developing countries 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;
  - (b) Examining the role of the financial mechanism in scaling up the level of resources;
  - (c) Assessing enabling environments for catalysing investment in, and the transfer of, sustainable technologies that mitigate greenhouse gas emissions, and for enhancing resilience to climate change.



## B. Methodology

9. The review shall draw upon the following additional sources of information:
  - (a) Technical papers and reports prepared by the secretariat upon the request of the Conference of the Parties, which are relevant to the financial needs of developing countries under the Convention;
  - (b) Information contained in the national communications of Parties to the Convention, technology needs assessments and national adaptation programmes of action;
  - (c) All relevant information provided by other intergovernmental and non-governmental organizations, including in particular the Assessment Reports of the Intergovernmental Panel on Climate Change, as well as information on enabling environments for catalysing investment in, and the transfer of, sustainable technologies that mitigate greenhouse gas emissions and for enhancing resilience to climate change;
  - (d) Relevant information available on private-sector financing and investment for climate change activities.





## **Annex V – Work programme on long-term finance**

### **Draft submission by the Standing Committee on Finance pursuant to decision 4/CP.18, paragraph 5**

In the context of decision 4/CP.18, whereby the Conference of the Parties (COP) invited Parties and the thematic and expert bodies under the Convention to submit to the secretariat, by 21 March 2013, their views on long-term finance, taking into account the report on the workshops of the work programme on long-term finance, with a view to the secretariat preparing an information document for consideration by the co-chairs of the work programme, the SCF would like to submit to the secretariat its report of the third meeting of the Standing Committee on Finance, having taken place 8–10 March 2013 in Bonn, Germany, annexed to this submission.

Furthermore, following decision 4/CP.18, paragraph 6, the Standing Committee on Finance would like to express that it stands ready to follow the request by the COP to support the implementation of the work programme by providing expert inputs to the design and conduct of the work programme on long-term finance throughout 2013.

Additionally, the SCF would like to highlight potential synergies between the forum for the communication and continued exchange of information among bodies and entities dealing with climate change finance in order to promote linkages and coherence, which it has been mandated to organize pursuant to decision 2/CP.17, paragraph 121 (a), and potential events and activities by the work programme on long-term finance throughout the year 2013.

**Annex VI – List of observers and secretariat staff attending the third meeting of  
the Standing Committee on Finance****PARTY OBSERVERS****Australia**

Ms. Sally Truong  
Director, Multilateral Finance  
Section  
Australian Agency for  
International Development  
GPO Box 887  
Canberra ACT 2601

**Japan**

Mr. Takuma Iino  
Official of Climate Change  
Division  
Ministry of Foreign Affairs  
Kasumigaseki 2-2-1, Chiyoda-  
ku  
Tokyo, 100-8919

**Mali**

Mr. Kaloga Alpha Oumar  
Policy Officer  
Stüffgenstr.. 28  
53227 Bonn, Germany

**Canada**

Mr. Dany Drouin  
Senior Policy Advisor  
Environment Canada  
200 Sacre Coeur Blvd, 15e étage  
Gatineau, Québec  
Canada KIA 0H3

**Republic of Korea**

Ms. Kay Eun Koo  
Deputy Director  
Ministry of Strategy and Finance  
Government complex, Sejong,  
339-012

**Uganda**

Mr. Benito Mueller  
Director  
Oxford Climate Policy  
57 Woodstock Road  
Oxford OX2 6FA  
United Kingdom

**Germany**

Ms. Inka Gnittke  
Federal Ministry of  
Environment,  
Nature Conservation and  
Nuclear Safety,  
Division EIII7: International  
Climate Finance,  
International Climate Initiative  
11055 Berlin

Mr. JinYoung Moon  
Research Fellow  
Korean Institute for Int'l  
Economic Policy  
246 yangjaedaero  
Seoul 137-747

Mr. Il-Young Oh  
Embassy of the Republic of  
Korea, Bonn Office  
Mittelstr. 43  
53175 Bonn

**INTERGOVERNMENTAL ORGANIZATIONS****Adaptation Fund Board**

Mr. Mikko Ollikainen  
Adaptation Officer  
Adaptation Fund  
Board Secretariat  
MSN P4-400 - 1818 H Street  
NW, Washington DC 20433,  
USA

**African Union Commission**

Ms. Olayide Olushola  
Senior Policy Officer,  
Environment and Water  
Resources  
Department of Rural Economy  
and Agriculture  
Roosevelt Street  
P.O. Box 3243  
Addis Ababa, Ethiopia

**Climate Investment Fund**

Ms. Funke Oyewole  
Climate Investment Funds -  
Administrative Unit  
World Bank  
1818 H street NW  
Washington DC 20433  
USA

**European Bank for  
Reconstruction and  
Development**

Ms. Franka Klingel  
European Bank for  
Reconstruction and  
Development  
One Exchange Square,  
London EC2A 2JN, UK

**Global Environment Facility**

Mr. Rawleston Moore  
Senior Climate Change  
Specialist and Country Relations  
Officer  
1818 H Street NW  
Washington DC 20433  
USA

**International Finance  
Corporation**

Ms. Aditi Maheshwari  
Climate Business Department  
2121 Pennsylvania Ave, NW,  
MSN F-7K-711  
Washington DC 20433  
USA

**Inter-American Development  
Bank**

Ms. Gloria Visconti  
1300 New York AveNW  
Washington DC 20577  
USA

**World Bank**

Mr. Pablo Benitez  
World Bank Institute  
701, 18th Street  
Washington DC 20433  
USA

**NON-GOVERNMENTAL ORGANIZATIONS****Climate Analytics**

Mr. Felix Fallasch  
Research Assistant  
Friedrichstr. 231  
10969 Berlin, Germany

**ENDA**

Mr. Libasse Ba  
Coordinateur de Programmes  
54, rue Carnot  
Dakar, Senegal

**Germanwatch**

Mr. Sven Harmeling  
Team Leader  
Int'l Climate Policy  
Kaiserstr. 201  
53113 Bonn, Germany

**Transparency International**

Ms. Alice Harrison  
Advocacy and Communications  
Coordinator, Climate  
Governance Integrity  
Programme  
Alt Moabit 96  
10559 Berlin, Germany

**SECRETARIAT OF THE UNITED NATIONS FRAMEWORK CONVENTION ON  
CLIMATE CHANGE (UNFCCC)**

Mr. Yolando Velasco  
Manager  
Finance, Technology and  
Capacity-building Programme  
Martin-Luther-King-Str. 8  
53175 Bonn, Germany

Mr. Alejandro Kilpatrick  
Team Leader  
Finance, Technology and  
Capacity-building Programme  
Martin-Luther-King-Str. 8  
53175 Bonn, Germany

Mr. Marcelo Jordan  
Programme Officer  
Finance, Technology and  
Capacity-building Programme  
Martin-Luther-King-Str. 8  
53175 Bonn, Germany



**Standing Committee on Finance  
Third Meeting**

**3 April 2013**  
**SCF/2013/3/7**  
Page 20

Mr. Masashi Taketani  
Junior Professional Officer  
Finance, Technology and  
Capacity-building Programme  
Martin-Luther-King-Str. 8  
53175 Bonn, Germany

Ms. Johanna Lütterfelds  
Associate Research Officer  
Finance, Technology and  
Capacity-building Programme  
Martin-Luther-King-Str. 8  
53175 Bonn, Germany

Ms. Nattley Williams  
Team Leader  
Legal Affairs Programme  
Martin-Luther-King-Str. 8  
53175 Bonn, Germany

Mr. Vineet Topa  
Legal Officer  
Legal Affairs Programme  
Martin-Luther-King-Str. 8  
53175 Bonn, Germany

Ms. Yulia Yamineva  
Consultant  
Helsinki, Finland

Ms. Ayhan Polat  
Team Assistant  
Finance, Technology and  
Capacity-building Programme  
Martin-Luther-King-Str. 8  
53175 Bonn, Germany

Ms. Anja Fischer  
Team Assistant  
Finance, Technology and  
Capacity-building Programme  
Martin-Luther-King-Str. 8  
53175 Bonn, Germany

**Annex VII – Background documents**

<b>Title</b>	<b>Symbol</b>
Background paper on the Doha outcomes and the operational plan of the Standing Committee on Finance for 2013	SCF/2013/3/3
Co-chairs note on procedural aspects of the initiation of work on the development of the arrangements between the COP and the Green Climate Fund	SCF/2013/3/4
Views from Members. Compilation	SCF/2013/3/MISC.1
Organisation of the Forum of the Standing Committee on Finance. Submissions by members of the open-ended working group.	SCF/2013/3/MISC.2/Rev.1
Background paper on the organization of the forum of the Standing Committee on Finance. Note by the secretariat.	SCF/2013/3/5
Background paper on the fifth review of the financial mechanism	SCF/2013/3/6
Views and recommendations on elements to be taken into account in the fifth review of the financial mechanism. Submissions from Parties.	FCCC/CP/2013/MISC.X