



Background paper on the possible activities based on the functions of the Standing Committee. Note by the secretariat

I. Background

1. At the sixteenth session of the Conference of the Parties (COP) held in Cancun, Mexico, Parties agreed to establish a Standing Committee (SC) under the Conference of Parties to assist the COP in exercising its functions with respect to the financial mechanism of the Convention in terms of improving coherence and coordination in the delivery of climate change financing, rationalization of the financial mechanism, mobilization of financial resources and measurement, reporting and verification of support provided to developing country Parties. At COP 17, Parties also agreed on the functions and activities of the SC, as well as its composition and working modalities.

2. The purpose of this document is to provide background information on the possible activities and timeframe to assist the Committee in the development of its work programme.

II. Functions and possible activities of the Standing Committee

A. Improving coherence and coordination in the delivery of climate change financing

Background

3. Article 11.5 of the Convention recognized that aside from the operating entities of the Convention, climate financing may be also be delivered through bilateral, regional and other multilateral channels. At COP 1, Parties decided that outside the framework of the financial mechanism, consistency should be sought and maintained between activities (including those related to funding) relevant to climate change undertaken outside the framework of the financial mechanism and the policies, programme priorities and eligibility criteria for activities as relevant, established by the COP.

Possible activities

4. The SC may wish to consider the following possible activities, inter alia:

- (a) Organize a forum to exchange information and prepare reports of the forums to the COP for its consideration. See document SC/2012/1/4.
- (b) Interact with the Boards of the funds under the Convention.
- (c) Members to participate in the various climate finance forums.
- (d) Maintain linkages with the Subsidiary Body for Implementation and the thematic bodies of the Convention. See document SC/2012/1/5.

Possible timeframes

5. The first forum may be organized in conjunction with the first sessional meeting of 2013, and will continue annually as an on-going activity.

B. Rationalization of the financial mechanism

Background

6. Article 11.1 of the Convention defines the mechanism for the provision of financial resources on a grant or concessional basis, including the transfer of technology which shall be entrusted to one or more existing international entities. In this regard, the COP has designated the Global Environment Facility and the Green Climate Fund as operating entities of the financial mechanism of the Convention. At CMP 3, Parties decided that



the operating entity of the Adaptation Fund shall be the Adaptation Fund Board under the authority and guidance of the CMP.

7. At COP 7, Parties decided to establish the Special Climate Change Fund to finance activities, programmes and measures, relating to climate change, that are complementary to those funded by the resources allocated to the climate change focal area of the Global Environment Facility and by bilateral and multilateral funding. It also established the Least Developed Countries Fund to support the work programme of the least developed countries. Both funds are being operated by the Global Environment Facility under the guidance of the COP.

8. In accordance with Article 4.11 of the Convention, COP 4 decided to review the financial mechanism every four years, on the basis of the guidelines or terms of reference that it adopts. COP 16 requested the SBI to initiate the fifth review of the financial mechanism at its thirty-seventh session (November 2012, Doha) in accordance with the criteria contained in the guidelines annexed to decisions 3/CP.4 and 6/CP.13, or as these guidelines may be subsequently amended, and to report on the outcome to the Conference of the Parties at its nineteenth session.

Possible activities

9. The SC may wish to consider the following possible activities, inter alia:

- (a) Provide the COP draft guidance to the operating entities of the financial mechanism of the Convention.
- (b) Analyse and assess the effectiveness and efficiency in the delivery of climate finance.
- (c) Provide input to the COP, including through independent reviews and assessments, into the preparation and conduct of the periodic reviews of the financial mechanism.

Possible timeframes

10. The SC may wish to initiate its work of preparing the draft COP guidance to the operating entities at COP 18. To assist the SC in the conduct of its work, it may wish to consider reviewing the guidance that the COP has provided to the operating entities and the process by which guidance was developed with a view to improving the provision of such guidance.

11. The SC may also wish to consider providing COP 18 its input on possible elements of the terms of reference for the fifth review of financial mechanism.

C. Mobilization of financial resources

Background

12. At COP16, Parties decided that scaled-up, new and additional, predictable and adequate funding shall be provided to developing country Parties, taking into account the urgent and immediate needs of developing countries that are particularly vulnerable to the adverse effects of climate change. It also recognized the commitment of developed country Parties, in the context of meaningful mitigation actions and transparency on implementation, to a goal of mobilizing jointly USD 100 billion per year by 2020 to address the needs of developing countries. The COP also agreed that funds provided to developing country Parties may come from a wide variety of sources, public and private, bilateral and multilateral, including alternative sources.

13. In the context of long-term finance, COP17 decided to undertake a work programme in 2012. The aim of the work programme is to contribute to the on-going efforts to scale up the mobilization of climate change finance beyond 2012.

Possible activities

14. The SC may wish to consider the following possible activities, inter alia:

- (a) Prepare a technical paper on mobilization of financial resources.
- (b) Preparation of report for consideration by COP.

Possible timeframe

15. Report to COP 19

D. Measurement, reporting and verification of the support provided to developing country PartiesBackground

16. One of the functions of the COP that SC is expected to assist the COP is the measurement, reporting and verification of the support provided to developing countries. In the Convention, finance is reported in the national communications of Parties. It will also be included in the biennial update reports. In an effort to consolidate information on climate finance reported to the Convention, the secretariat developed the finance portal. The portal provides for a user-friendly access of information such as from the fast-start finance, national communications and GEF. Outside the Convention, there are efforts to track climate finance such as through the Rio markers of OECD and the pilot initiative of UNDP to build capacity of some developing countries to track climate financing at the national level.

17. In 2007, the secretariat prepared the investment and financial flows paper to review existing and planned investment and financial flows in a concerted effort to develop an effective international response. The technical paper served as inputs to the fourth workshop on dialogue on long-term cooperative action to address climate change by enhancing implementation of the Convention (August 2007) and to the deliberations on the fourth review of the financial mechanism at COP 13 (December 2007).

Possible activities

18. The SC may wish to consider the following possible activities, inter alia:
 - (a) Prepare biennial assessment of climate financial flows.
 - (b) Develop methodologies and processes for MRV of support
 - (c) Interact with the registry and financial institutions providing climate finance to exchange information on climate finance sought and provided.

Possible timeframe

19. Preparation of biennial assessment of financial flows at COP 19 (2013) and COP 21 (2015).
 20. Linkage with financial institutions through the annual forums and web-based interactions.
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