



Background paper on approaches for maintaining linkages with the Subsidiary Body for Implementation and the thematic bodies of the Convention. Note by the secretariat.

I. Background

1. At the seventeenth session of the Conference of the Parties (COP) held in Durban, South Africa, Parties agreed to establish the Standing Committee to assist the COP in relation to the financial mechanism of the Convention. In the same decision, the COP decided that the Standing Committee shall maintain linkages with the Subsidiary Body for Implementation (SBI) and the thematic bodies of the Convention.
2. The purpose of this document is to provide background information and explore options for maintaining linkages with the SBI and the thematic bodies of the Convention.

II. Background and context

A. Mandates of the Standing Committee

3. As per decision 1/CP.16, para 112 the COP decided to establish the SC to assist the COP in relation to the financial mechanism (FM) in terms of:
 - a) improving coherence and coordination in the delivery of climate change financing;
 - b) rationalization of the FM;
 - c) mobilization of financial resources, and;
 - d) measurement, reporting and verification (MRV) of support provided to developing country Parties.
4. In Durban, the COP through its decision 2/CP.17, para. 121, further defined the mandate of the SC, which includes the following activities:
 - a) organizing a forum for communication and continued exchange of information;
 - b) maintaining linkages with SBI and thematic bodies of the Convention;
 - c) providing to the COP draft guidance for the operating entities (OE) of the FM;
 - (i) making recommendations on how to improve the coherence, effectiveness and efficiency of the OE of the FM;
 - d) providing expert input into the preparation and conduct of the periodic reviews of the FM;
 - e) preparing a biennial assessment, overview of climate finance flows, and;
 - f) any other functions that may be assigned to it by the COP.

B. Mandates of the Subsidiary Body for Implementation in relation to finance

SBI mandates in relation to finance

5. The SBI is established in Article 10 of the Convention to assist the Conference of the Parties in the assessment and review of the effective implementation of the Convention. Decision 6/CP.1 (1995), mandates the SBI to advise the COP on the policies, eligibility criteria and programme priorities related to the FM. In this context, it is to advise the COP on the policies, eligibility criteria and programme priorities related to the FM, as well as on transfer of technology in the light of the reviews and assessments carried out under Article 10.2(a),



taking into account relevant advice from the Subsidiary Body for Scientific and Technological Advice if so requested by the COP. This includes: a) the review of the FM and advice on appropriate measures; b) the consideration of reports from the OEs of the FM on activities related to climate change; and c) making recommendations related to the arrangements for the operational linkages between the COP and the OEs.

6. Moreover, Article 11 of the Convention and the MoU with the Global Environment Facility (GEF) (see decision 12/CP.2) provides that the GEF, as an operating entity of the financial mechanism, will report annually to the COP. In turn, according to decision 6/CP.1, the COP refers the report of the operating entity to the SBI, with the request to review this report and forwards the outcome of this review to the COP for decision. The procedure for consideration of the report of the Green Climate Fund (GCF) has not been defined. However, as in the case of the GEF, the GCF will submit its annual report to the COP for consideration (see decision 3/CP.17).

7. Based on these mandates, SBI considers finance issues under the agenda item on financial mechanism and in other agenda items such as non-Annex I national communications, technology transfer and LDC matters.

SBI current practice in relation to finance

8. The current practice is that annually, the SBI recommends a draft omnibus decision on the guidance to the GEF as an operating entity of the financial mechanism of the Convention based on its report to the COP and on inputs from other relevant agenda items from both SBI and SBSTA such as technology development and transfer, capacity building, and national communications. The SBI also regularly conducts the reviews of the financial mechanism and the specialized funds under the Convention, namely the Special Climate Change Fund and the Least Developed Countries Fund as per decision 5/CP.7 and decision 7/CP.7. The Adaptation Fund Board, as an operating entity of the Adaptation Fund, reports directly to the Conference of Parties serving as the meeting of Parties (CMP). On matters relating to the review of the Adaptation Fund, the CMP requested the SBI to launch and consider the initial review and prepare draft decision for adoption by CMP.

C. Possible areas of linkages and duplication between the Standing Committee and the Subsidiary Body for Implementation

9. Following the above mentioned mandates as well as current practice, there is a potential and/or clear duplication with regards to the following mandated activities of the SC as decided by decision 2/CP.17:

- Provision to the COP of draft guidance for the OEs of the FM;
- Making recommendations to the COP on how to improve the coherence, effectiveness and efficiency of the OEs of the FM;
- Providing expert input into the preparation and conduct of the periodic reviews of the FM.

10. A review of the respective mandates and the current practice reveals that there is significant duplication in the functions SBI and SC have been mandated to perform, particularly on the provision of draft guidance for the operating entities for consideration and approval by the COP, with the exception that only SBI is explicitly mandated to consider the reports of the operating entities. In order for the SC to provide such draft guidance to the operating entities of the financial mechanism, it will also need to review, inter alia, the annual reports of the OEs to the COP. During the negotiation on this matter under the AWG-LCA, some Parties expressed the view that the SC would be the right body to conduct an expert evaluation of the reports of the operating entities, allowing for robust guidance to the operating entities. Nonetheless, due to the overlapping mandates, further clarifications are required on how this matter can be managed or addressed, both in terms of the consideration of the reports of the operating entities as well as the draft guidance to the operating entities including those inputs coming from different agenda items of the SBI and the SBSTA.

11. Based on the status quo, the following questions remain:

- Which body will take up the consideration of the reports of the operating entities to the COP?
- Which of the following scenarios would be the most practical and efficient?



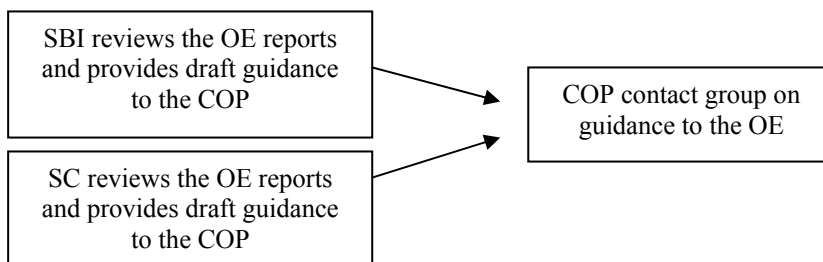
Scenario 1: Both bodies review the report and prepare draft guidance following the same procedure.

Scenario 2: Only the SBI provides the guidance, based on inputs received from the SC, which will be referred to the SBI by the COP; or

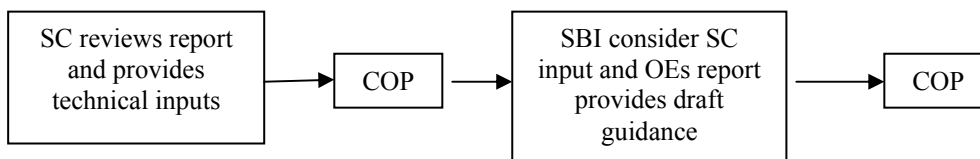
Scenario 3: Only the SC provides the guidance, in which case the COP would no longer refer the reports to the SBI but refer this exclusively to the SC.

Review and provision of draft guidance on the OEs report to COP: post COP 18

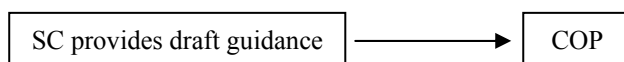
Scenario 1



Scenario 2



Scenario 3



12. Decision 2/CP.17 mandates the SC to maintain linkages explicitly with SBI. There is a need for the SC to further define how those linkages will be shaped. This is especially true when it comes to the three overlapping areas identified above.

III. Linkages with the thematic bodies of the Convention

13. As mandated by the COP, close linkages and liaising between the SC and SBI is highly vital when it comes to the above mentioned matter, as well as the activity of the SC to provide recommendations to improve coherence, effectiveness and efficiency of operating entities. Such linkages could follow the line set out by the report of the Technology Executive Committee (FCCC/SB/2012/1, Annex I) and noted by the SBI and SBSTA, which highlighted the following possibilities: (a) cross-participation in the meetings of the relevant bodies, including workshops and events organized by such bodies, or jointly organized, on issues of common interest; (b) inviting inputs to support the implementation of particular activities; (c) providing inputs into other institutional arrangements under the Convention, in response to requests by the COP and/or invitations by respective institutions, to facilitate the work of those institutions; and (d) knowledge and information sharing.

14. The indicative list of activities for the Adaptation Committee contained in decision 2/CP.17, annex V, paragraph 7, provided for exchanging of information with the Standing Committee on means to incentivize the implementation of adaptation actions, including finance, with a view to identifying opportunities and further actions for consideration by the COP.



15. In addition to the modalities identified by the TEC above, the Standing Committee may wish to consider other possible means of maintaining linkages with other bodies such as:

- Organization of regular teleconference between the chairs of the different bodies;
 - Establish web-based collaboration tools among different bodies to exchange technical information and to keep each body informed of the latest developments;
 - Organize and conduct joint meetings, workshops, and expert panels on climate finance issues common to different bodies under the Convention using to the extent possible available technologies for virtual meetings and events.
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