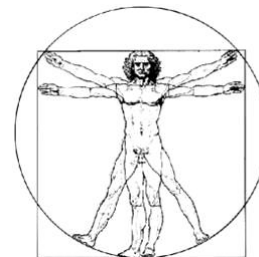


european capacity building initiative ecbi



Reforming the Financial Mechanism

Some thoughts put together by the 2010 ecbi Fellowship

FINANCE COMMITTEE OF THE COP

1. Functions

A standing committee ('Finance Committee') of the COP is created.

The role of the Finance Committee is to provide support to the COP in exercising its functions with respect to the Financial Mechanism (FM) of the UNFCCC, and to carry out any other task related to climate finance the COP chooses to assign.

Standing Functions of the Finance Committee

The Finance Committee is, in particular, charged with supporting the COP in

- providing guidance to the operating entities of the FM and recommendations to other actors;
- assuring the accountability of the operating entities of the FM;
- rationalizing the FM;
- assessing the adequacy of climate change finance for developing countries, incl. MRV of support;
- verifying the fulfilment of assessed contributions;
- reviewing the scale of assessed contributions.

Implementation

For this, the Finance Committee will draft guidance to the operating entities for approval by the COP, and submit regular reports to the COP on the performance of the operating entities, and on the financial needs of and flows to developing countries.

The Finance Committee will draft and periodically review the procedures for registration of financial flows and the system of certification of payments to be counted against financial obligations by Parties.

2. Structure

The Finance Committee is composed of XX member Parties and XX alternatives selected by the COP, taking into account equitable geographical representation.

Member Parties of the Finance Committee are requested to appoint representatives with relevant expertise.

The general rules of the Climate Fund – including the Board' rules of procedure of the Board, the operational guidelines (including criteria for project/programme funding and for resource allocation and disbursement) – are formulated and periodically reviewed by the Finance Committee of the COP.

CLIMATE FUND:

1. Principles

A Climate Fund is created by the COP as an operating entity of the FM.

The Climate Fund is guided by and accountable to the COP.

The Climate Fund is to provide climate finance to developing countries in a manner which respects the principle of equity.

2. Implementation

The COP may, inter alia, provide guidance to the Climate Fund on the thematic balance of its portfolio.

The Fund is to promote direct access to its resources through National Implementing and Funding Entities.

3. Structure

The Climate Fund is to be headed by a Board of Executive Directors (the Board). The members of that Board are appointed by the COP, according to criteria formulated by the Finance Committee and approved by the COP.

The Board takes all operational decisions, subject to these general rules and COP guidance.

The Board has a new dedicated Secretariat located at the seat of the Board, with a Secretary to the Board appointed by the Board.

A trustee is selected through open bidding according to criteria determined by the COP.

The Climate Fund has finance windows.