

Governance and Financial Mechanism - Oversight of Climate Financing

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Governance and Oversight Needs

- Measure, report and verify (MRV) international financing from all sources – Registry or other mechanisms
- Weaving all actors in the climate finance universe – mutually reinforcing each other
- Recognition of space and roles of other actors - distinct from operating entities of the Convention - but capacity to promote comparable standards, guidelines and rules for allocation of financing'
- Adequacy of funding for mitigation, adaptation, technology, capacity building etc

Governance and Oversight Needs

- Consistency and compliance with the provisions of the Convention for the fulfillment of commitments
 - New and additional?
 - Transparent
 - Should different categories of financing be considered as fulfillment of the finance commitment?
 - Financing (including through other channels) meet criteria of the UNFCCC (its provisions, objectives etc)

Standing Committee on Finance

- A standing committee of the COP is established at Cancun
- 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
- Short and long term issues to be dealt by the Standing Committee
 - **Short term:**
 - Drawing up a blue print for operationalization of the Climate Fund (to be established at Cancun?)
 - Rationalizing the Financial Mechanism

Standing Committee on Finance

- **Long term (2012 onwards)**
 - Providing guidance to the operating entities of the FM
 - Recommendations to other actors in the climate change finance universe
 - Assuring the accountability of the operating entities of the FM
 - Assessing the adequacy of climate change finance both in mid term (2012-19) and long term (2020 onwards) for developing countries, incl. MRV of support

Standing Committee on Finance

Manages Registry (or any other Mechanism for MRV of support)

- Verifying the fulfilment of assessed contributions
- Verifying flow of total financial resources/commitments to the developing countries through all sources
- Reviewing the scale of assessed contributions

Implementation

- Finance Committee will draft guidance to the operating entities for approval by the COP, and submit regular reports to the COP on the performance of all operating entities, and on the financial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

Standing Committee - 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 to appoint representatives with relevant expertise. (Alternates could have expertise in Finance or any other skill set)
- The general rules of the New Climate Fund – including the 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

What can be achieved by Cancun

■ A set of decision:

- Establishment of the Standing Committee
- Announcement of an agreement on Climate Fund of XX amount

■ Process between now and Cancun

- Criteria for membership of the Committee (Finance experts); (NY meeting could focus on establishing a broad understanding to be finalized by Tianjin)
- Criteria for the alternate
- The criteria for nomination by the member parties to the Committee (Geographical distribution?)
- Standing Committee is charged with a mandate and deadline to operationalize the Fund (COP 17?)

Thank you for your attention

