

**Financial Visibility Task Force – Minutes of first teleconference, 12 July 2016**

Teleconference Participants:

Ms. Mette Moglestue, Facilitator	Mr. Karsten Krause, AB member
Ms. Shikha Bhasin, AB member	Mr. Roque Pedace, AB member (in-coming)
Ms. Elenita (Neth) Daño, AB member	Mr. Victor Low, CTCN
Mr. Chen Ji, AB member	

Ms. Mette Moglestue, facilitator of the Financial Visibility task force, welcomed all task force members to their first teleconference. A summary of discussions and action items follows.

**Agenda Item 1 – Review of Terms of Reference**

- The Terms of Reference as originally developed at the CTCN’s 7<sup>th</sup> Advisory Board meeting were reviewed by the task force. The existing Terms of Reference sufficiently addressed financial reporting concerns but did not address the issue of transparency when it comes to how financial decisions are made by the CTCN.
- The terms of reference should include providing greater transparency on procedures on how financial allocations are done inside the CTCN.

**Agenda Item 2 – Recap of past CTCN financial reports and examples of reporting**

- Past CTCN financial information and reports were reviewed by the task force including past CTCN financial statements and supplementary budget information considered by the Advisory Board when endorsing its 2016 budget.
- The task force was generally pleased with the level of information contained in the supplementary budget information document and recommended that this level of information be repeated as part of CTCN financial reporting.
- A certified financial statement of the CTCN was also reviewed as an example of the type of financial information that is readily available from UNEP’s financial system. It was suggested that better linkage be provided between the financial statement and budget lines related to CTCN activities.

**Agenda Item 3 – Discussion on visibility and reporting**

Summary of discussion:

- Donors and also possible future donors, according to strong signals, need to easily understand how funds are used and how the CTCN functions. Transparency in these issues are seen as a key to success. The CTCN is a new type of mechanism under the UNFCCC and Parties need time and information to understand its operations. Donors tend to be forward looking and want to see how things are improving and how they will improve further.
- CTCN following rules and procedures is not in question but greater clarity, transparency and understanding should be provided on the CTCN’s financial decision making procedures.
- For example, how does the CTCN decide to select between a Consortium Partner and a Network member for responding to a request; how does the CTCN select among its Network members to assist in responding to requests for technical assistance. Although these procedures have previously been reported to the Advisory Board, given the observed general lack of understanding there may be merit in presenting a summary of the procedures and data on the results of the

procedures at the next Advisory Board meeting. Another approach is to follow a few requests through the procedures to illustrate how funds are allocated.

- When revising or developing new procedures, the CTCN should give consideration to seeking input from both developing and developed Party NDEs.
- The issue of earmarking of contributions by donors was discussed. A summary of donor conditions such as that presented in the supplementary budget information referenced above would go a long way towards transparency.
- It was noted that some earmarking was a result of specific requests by donors and some earmarking was a result of CTCN needs identified at the time the donor agreement was being drafted. A reference to the start date of the donor contributions could also help understand the resultant earmarking of funds.
- The merits of providing guidance to the CTCN on acceptable donor earmarking was debated by the task force. Although useful, it would be extremely difficult on a practical level to provide such overarching guidance to the CTCN on such case-specific situations.

#### **Agenda Item 4 – Next steps**

- Minutes of today's conference call will be prepared and circulated to members of the task force to confirm our understanding of discussions and outcomes.
- Based on the discussions, the facilitator in conjunction with the CTCN secretariat will prepare a list of information that the CTCN should provide to the Advisory Board.
- The task force agreed to have its next meeting in-person on the sidelines of the 8<sup>th</sup> Advisory Board meeting of the CTCN to finalize its report back to the Advisory Board. A more fulsome report of the task force is planned to be prepared after the 8<sup>th</sup> Advisory Board meeting.