



Standing Committee on Finance

23 March 2018

**Seventeenth meeting of the Standing Committee on Finance
Bonn, Germany, 10–12 April 2018**

Background paper on the Guidance from the Conference of the Parties resulting from the Review of the Functions of the Standing Committee on Finance and the Report of the Standing Committee on Finance

Expected actions by the Standing Committee on Finance

The Standing Committee on Finance (SCF) will be invited:

- a) To conclude its deliberations on options to enhance the participation of members at this meeting and to report back to COP 24 on these options;
- b) Reflect on the overall outcome of the review of the functions of the SCF, particularly on the guidance provided by COP, with a view to identify actions in response to the guidance received.

I. Possible actions for consideration by the Standing Committee on Finance

A. Options to enhance the participation of members

1. The Standing Committee on Finance (SCF) may wish to identify options to enhance the participation of members based on its deliberations on this matter¹ and the informal note on the issue of membership of the SCF² prepared at its 16th meeting.
2. In this regard, the SCF may wish to consider the following options, which are outlined in the annex to this document including the implications, advantages, and considerations for each:
 - (a) Option 1: Introduction of alternate members;
 - (b) Option 2: Introduction of a modality for temporary replacement of a member for one meeting of the SCF;
 - (c) Option 3: Inter-sessional replacement of a member by a constituency;
 - (d) Option 4: Virtual participation of members.
3. In addition to the options identified in paragraph 2 above, the SCF may also wish to encourage its members to ensure quorum, particularly when the SCF adopts its decisions.
4. Furthermore, the SCF may wish to, in the future, agree on the dates of its meetings in the next calendar year at its last meeting of the year. Once agreed, the schedule should remain as is and can only be changed under exceptional circumstances.

¹ See document FCCC/CP/2017/9, annex VII, paragraph 9(b).

² <http://unfccc.int/files/cooperation_and_support/financial_mechanism/standing_committee/application/pdf/scf_alternate_members_informal_note.pdf>.

B. Possible actions in response to mandates received at COP23

5. The SCF may wish to deliberate on ways to address the following mandates as a result of the review of the functions of the SCF at COP 23 (Decision 8/CP.23).

6. Mandate: Requests the Standing Committee on Finance to continue to provide and enhance the dissemination and utilization of specific and targeted outputs and recommendations in order to effectively advance the work of the Conference of the Parties (Decision 8/CP.23, para. 6);

7. Possible actions: The SCF, in considering its work in 2018, may wish:

(a) To ensure that the summary and recommendations of the 2018 biennial assessment and overview of climate finance flows (BA) are targeted and aimed at providing inputs to the long-term finance and the High-Level Dialogue on Climate Finance;

(b) To produce targeted outputs and recommendations for the 2018 forum, including through the drafting of the programme for the forum, engaging stakeholders, and enhancing the dissemination of its findings, building on the experience of its past forums;

(c) To better promote the outcomes of SCF forums, including the 2017 SCF Forum on financing climate-resilient infrastructure, through the publication of information materials, as part of a broader outreach strategy;

(d) To further enhance its work in the provision of draft guidance to the operating entities in 2018, including by promoting awareness among Parties of the compilation and analysis of past guidance provided, as well as by inviting other constituted bodies to provide inputs to the draft guidance;

(e) To request the secretariat to explore ways to further improve the virtual forum of the SCF,³ as well as to explore other potential web-based platforms for communication and exchange of information to enhance stakeholder engagement.

8. Mandate: Encourages the Standing Committee on Finance to prioritize specific areas of work in the light of its workload in a given year and emphasizes the need to continue to enhance all the functions of the Standing Committee on Finance, including to take into consideration its mandate to serve the Paris Agreement in line with decision 1/CP.21, paragraph 63 (Decision 8/CP.23, paragraph 8).

9. Possible actions: The SCF may wish:

(a) To decide at its last meeting of the year its priority tasks for the following year based on the expected workload as outlined in its mandates such as preparation of biennial assessment and overview of climate finance flows, the review of the Financial Mechanism and the annual draft guidance to the operating entities. The SCF may also decide on a biennial or four-year workplans;

(b) To prioritize work for 2018, taking into account all relevant mandates received from COP 23 and previous decisions taken by the COP⁴ and in the context of its deliberations on its workplan in 2018 under agenda item 4;⁵

(c) To discuss on how to enhance its functions, including taking into consideration its mandate to serve the Paris Agreement in line with decision 1/CP.21, paragraph 63, with a view to provide a recommendation to COP 24 / CMA 1.4 on this subject matter.

10. Mandate: Requests the Standing Committee on Finance to further strengthen its stakeholder engagement (Decision 8/CP.23, paragraph 14).

11. Possible actions: The SCF may wish:

(a) To identify ways of further strengthening stakeholder engagement in the preparation of the 2018 BA, the 2018 forum and the provision of draft guidance to the operating entities, as well as the work on the compilation and analysis of past guidance provided to the operating entities over and above its current practice of stakeholder engagement;

³ <<http://unfccc.int/7552.php>>.

⁴ See annex II of document SCF/2018/17/4.

⁵ See document SCF/2018/17/4.

(b) To engage key stakeholders (e.g. private sector associations, research institutions and civil society organizations), particularly from developing countries, that have not been actively involved in the work of the SCF;

(c) To consider further enhancing formal and informal working modalities to enable more contributions from key stakeholders to the activities of the SCF, such as organizing webinars, targeted request for inputs and submissions, and virtual engagement in the meetings of the SCF.

12. Mandate: Recognizes that there is a need for the Standing Committee on Finance to improve some of its in-session and intersessional working modalities with the aim of further enhancing its efficiency and effectiveness, ensuring the inclusiveness and transparency of its proceedings (Decision 8/CP.23, paragraph 17).

13. Possible actions: The SCF may wish:

(a) To provide guidance to the secretariat regarding the allocation of meeting time, i.e. plenary settings versus breakout group sessions;

(b) To affirm its agreement on the terms of reference for inter-sessional work as follows:

(i) Discussions during meetings will be of a more strategic nature, while inter-sessional work would focus on technical matters;

(ii) Inter-sessional work will be conducted by the respective working group, led by the co-facilitators with the support of the secretariat;

(iii) SCF will be regularly informed through emails of the status of and progress on all activities;

(iv) Sufficient opportunities will be provided for members to provide feedback on the work and outputs of the working groups;

(v) Decisions are taken during meetings and only under exceptional circumstances that decisions will be taken inter-sessionally;

(vi) Decisions intersessionally are taken on a non-objection basis. Committee members will be given opportunity to provide feedback on the document at least within 5 working days and revisions will be made based on inputs by members before the document is presented for a decision. In case of an objection, the document will be further revised by the co-facilitator for adoption on a non-objection or the document will be tabled for discussion at the next meeting of the SCF.

(c) To request the secretariat to further explore technical means to enhance inter-sessional work of the SCF, as well as virtual forms of participation.

14. Regarding other guidance on specific areas of work and activities by the SCF provided at COP 23 (see paragraph 22 below), the SCF may wish to address those issues in the context of its discussions on the respective agenda items (see also documents SCF/2018/17/4, SCF/2018/17/5, SCF/2018/17/6, SCF/2018/17/7, SCF/2018/17/8, SCF/2018/17/9).

II. Background

A. Options to enhance the participation of members

15. In decision 8/CP.23, paragraph 15, the COP decided to continue its deliberations on ways to enhance the participation of SCF members, acknowledging the need to ensure the full participation and contribution of all constituencies in the meetings of the SCF and the continuity of the work of the SCF, and requested the SCF to provide options for the enhancement of the participation of members and to report back to COP 24.⁶

16. As per decision 2/CP.17, annex VI (paragraphs 1 to 3 and 8), below are the current provisions relevant for the membership of the SCF, as outlined in its composition and working modalities:

⁶ Decision 8/CP.23, paragraph 16.

- (a) The SCF shall be composed of the following:
 - (i) Ten members from Parties included in Annex I to the Convention (Annex I Parties);
 - (ii) Ten members from Parties not included in Annex I to the Convention (non-Annex I Parties), including two members each from the African, Asia-Pacific, and the Latin America and Caribbean States, one member from a small island developing State and one member from a least developed country Party.
- (b) The SCF shall be composed of members nominated by Parties for approval by the COP, who shall have the necessary experience and skills, notably in the areas of climate change, development and finance, taking into account the need to achieve gender balance in accordance with decision 36/CP.7;
- (c) SCF members shall serve for a term of two years, with the option of seeking additional terms;
- (d) The SCF shall reach its conclusions by consensus.

17. As the SCF does not have separate rules of procedure, the rules of procedure of the COP apply *mutatis mutanda* to the SCF. Similar to the SCF, the rules of procedures of other constituted bodies under the Convention does not provide for alternate members. It is noted that the constituted bodies under the Kyoto Protocol provide for alternate members (e.g., the Adaptation Fund Board, the CDM Executive Board, the Compliance Committee and the JISC).

18. Any amendment to the composition and working modalities of the SCF, including with regard to its membership, requires a decision by the COP.

19. As per current practice, members of the SCF are nominated by the respective constituency and elected by the COP. Should a member not be in a position to complete his or her term, as per current practice the vacant seat can be filled via a formal notification of the secretariat by the respective constituency, informing the secretariat of the resignation of the member and the nomination of new member to replace that member. A temporary replacement of a member is not foreseen under the current composition and working modalities of the SCF.

20. An informal note on the issue of membership of the SCF issued for the 16th meeting of the SCF includes information on the current practice regarding SCF membership, as well as possible amendments to the current composition and working modalities of the SCF.⁷

B. Outcome of the review of the functions of the Standing Committee on Finance

21. As outcome of the review of the functions of the SCF, COP 23:
- (a) Requested the SCF to continue to provide and enhance the dissemination and utilization of specific and targeted outputs and recommendations to effectively advance the work of the COP;
 - (b) Encouraged the SCF to prioritize specific areas of work in the light of its workload in a given year and emphasized the need to continue to enhance all its functions, including to take into consideration its mandate to serve the Paris Agreement in line with decision 1/CP.21, paragraph 63;
 - (c) Requested the SCF to further strengthen its stakeholder engagement;
 - (d) Recognized that there is a need for the SCF to improve some of its in-session and intersessional working modalities with the aim of further enhancing its efficiency and effectiveness, ensuring the inclusiveness and transparency of its proceedings.⁸

⁷ <<http://unfccc.int/6881.php>>.

⁸ Decision 8/CP.23, paragraphs 6, 8, 14, and 17.

22. The COP also provided further overarching guidance on specific areas of work by the SCF, both, in the context of the decision on the review of the functions of the SCF, as well as the decision on the report of the SCF, which included the following requests to the SCF:

(a) To further refine its approach to maintaining linkages with the subsidiary and constituted bodies according to resources available and in the context of its existing working modalities;⁹

(b) To ensure the value added of its forum when deciding on the topic of each forum, to provide clear recommendations to the COP, as appropriate, regarding follow-up actions on the forum, and to enhance the dissemination, use and ownership of the accumulated knowledge and expertise gathered at the forum, and invites other bodies and external organizations to take into consideration the outputs of the forum;¹⁰

(c) To enhance its work on the measurement, reporting and verification (MRV) of support beyond the biennial assessment (BA), acknowledging the progress made by the SCF and noting the need to avoid duplication of ongoing work under the Subsidiary Body for Scientific and Technological Advice and the Ad Hoc Working Group on the Paris Agreement;¹¹

(d) In fulfilling its function with regard to the MRV of support, and in the context of its extended workplan on MRV of support beyond the BA, to continue its cooperation with relevant stakeholders and experts;¹²

(e) To continue to provide information on the appointment of focal points of the SCF to liaise with the other constituted bodies under the Convention in its annual reports to the COP.¹³

⁹ Decision 8/CP.23, paragraph 11.

¹⁰ Decision 8/CP.23, paragraph 12.

¹¹ Decision 7/CP.23, paragraph 7.

¹² Decision 7/CP.23, paragraph 8.

¹³ Decision 7/CP.23, paragraph 11.

Annex

Options to enhance the participation of members

This note covers the following four options for the enhancement of the participation of members in meetings of the Standing Committee on Finance (SCF):

- Option 1: Introduction of alternate members;
- Option 2: Introduction of the modality of temporary replacement of a member for one specific meeting of the SCF only;
- Option 3: Inter-sessional replacement of a member by a constituency;
- Option 4: Virtual participation of members.

Option 1: Introduction of alternate members

Implications

1. It requires a decision by the COP to amend the current composition and working modalities of the SCF as per decision 2/CP.17, annex VI.
2. The COP may wish to consider the following relevant provisions when amending the current composition and working modalities of the SCF to allow for alternate members:
 - (a) The respective constituencies (Annex I Parties and non-Annex I Parties), when nominating members for election by the COP, will also nominate alternate members for election;
 - (b) The members and alternate members will be elected to serve for a two-year term of office, which they will serve continuously;
 - (c) A member or alternate member is eligible for re-election as a member or alternate member of the SCF;
 - (d) The procedures for intersessional replacement of members who resign or can no longer serve in office will apply *mutatis mutandis* to alternate members;
 - (e) The following will apply for the participation of alternate members at meetings of the SCF:
 - (i) Should a member be not able to attend a meeting of the SCF, he or she will inform the co-chairs that the alternate member will replace him or her at the meeting;
 - (ii) The alternate member will serve in the capacity as member during the meeting, including participating in decision-making;
 - (iii) The constituency shall notify the secretariat of the replacement of a member(s) by an alternate member(s) to participate in a meeting. Such notification should be sent to the secretariat at least a month prior to the meeting to ensure sufficient time for the secretariat to make the necessary arrangements to enable the participation of the alternate member;
 - (iv) Replacement of a member by an alternate member to attend a specific SCF meeting would be exclusively limited to attendance at that meeting, inter-sessional work would be conducted exclusively by the member;
 - (v) All communication and documentation regarding the meetings will be sent by the secretariat exclusively to the member of the SCF. The member and constituency concerned will be responsible in communicating all relevant information and documentation to the alternate member to facilitate his or her participation at the meeting;
 - (vi) No additional cost implications shall arise from the participation of alternate members to the meetings of the SCF.

Advantages:

1. This will not set a precedent as other bodies under the Kyoto Protocol already make use of this modality (see paragraph 18 above);

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2. It ensures full representation of all constituencies in all meetings of the SCF;
 3. There will be no need for virtual participation, thereby avoiding additional costs and technical problems;
 4. It provides transparency and clarity of constituency representation;
 5. This may reduce the challenge of identifying meeting dates suitable to all members.

Considerations:

Some members have reservations on this option owing to legal issues as well as concerns around the need to ensure continuity, ownership, and accountability of the work of the SCF as a whole and that of individual members (e.g. inter-sessional work and decision making might become more complicated, unless the alternate member will exclusively step in for the duration of a meeting; this modality might lead to constant “rotation” of members participating in meetings);

Option 2: Introduction of a modality for a temporary replacement of a member for one meeting of the SCF

Implications

1. This option will also require a decision by the COP to amend the current composition and working modalities of the SCF as per decision 2/CP.17, annex VI.
2. The COP may wish to consider the following relevant provisions, when amending the current composition and working modalities of the SCF to allow for alternate members:
 - (a) The temporary replacement of a member will be limited to the duration of one full meeting of the SCF;
 - (b) The temporary replacement of a member will not affect the duration of the term of membership of the regular member;
 - (c) The procedures for intersessional replacement of members will be applied;
 - (d) The following will apply for the temporary replacement of members at meetings of the SCF:
 - (i) If a member is not able to attend a meeting of the SCF, he or she can be replaced for the duration of a full meeting by a representative from the same constituency of the regular member;
 - (ii) The temporary replacement will serve in the capacity as member during the meeting, including participating in decision-making;
 - (iii) The constituency concerned shall notify the secretariat of the temporary replacement of a member in a meeting. Such notification should be sent to the secretariat at least two months in advance of a meeting to ensure sufficient time for the secretariat to make the necessary arrangements to enable the participation of the temporary replacement;
 - (iv) Temporary replacement of a member in a specific SCF meeting will be exclusively limited to attendance at that meeting, inter-sessional work will be conducted exclusively by the regular member;
 - (v) All communication and documentation on matters to be addressed at the meeting will be sent by the secretariat exclusively to the member of the SCF. The member and constituency concerned will be responsible in communicating all relevant information and documentation to the temporary replacement to facilitate his or her participation at the meeting;
 - (vi) No additional cost implications shall arise from the temporary replacement of members.

Advantages:

1. It ensures full representation of all constituencies in all meetings of the SCF;
2. There will be no need for virtual participation, thereby avoiding additional costs and technical problems;

3. This option allows flexibility within the constituency to nominate available and competent temporary replacement;
4. This may reduce the challenge of identifying meeting dates suitable to all members.

Considerations:

1. There is no precedence under the UNFCCC process for this modality;
2. Similar to option 1, concerns are also raised around the need to ensure continuity, ownership, and accountability of the work of the SCF as a whole and that of individual members in particular;
3. This option will apply the standard procedure for replacing members which usually takes time. The nominating constituency will need to nominate at least a month prior to the meeting to allow the secretariat to process the travel arrangements, particularly for the funded members.

Option 3: Inter-sessional replacement of a member by a constituency

Implications

1. This option will not require amendments to the current composition and working modalities of the SCF as it will only implement the current procedures for inter-sessional replacements by a constituency of a member(s) on the SCF as per decision 2/CP.17, annex VI.
2. It requires the official resignation of a member and the official nomination of a replacement by the Chair(s) of the respective constituency.
3. The secretariat should be informed about an inter-sessional replacement by the respective constituency as soon as possible, ideally at least two months in advance, to allow for the necessary arrangements and adjustments to ensure the participation of the new member.

Advantages:

1. It will not constitute a precedent as this modality is in line with current procedures and practice.
2. A constituency can make use of this modality at any time and as many times as necessary, at its discretion and in accordance with the current procedures/practice.

Considerations:

If the constituencies regularly use this modality, it may be disruptive and affects the continuity, effectiveness and work of the Committee, as well as the sustainability of working arrangements within the SCF.

Option 4: Virtual participation of members in meetings of the SCF

1. Enhancing the participation of members in meetings of the SCF, including through:
 - (a) Webcasting all meetings of the SCF;
 - (b) Virtual means of participation such as through skype, WebEx and conference calls as they are available.

Implications

2. This option will not require an amendment to the composition and working modalities of the SCF as per decision 2/CP.17, annex VI. However, the secretariat will need to ensure that live webcast will be available to all meetings of the SCF, which will have implications in the meeting cost and in the selection of venue of the meetings.
3. The following is the current practice for webcasting the meetings of the SCF:
 - (a) The plenary sessions of the SCF are webcasted, unless there is an objection by a member;
 - (b) In case of parallel breakout groups, webcast is only available for the group meeting in the plenary room (e.g. forum, the BA, and MRV of support beyond the BA). Co-facilitators will determine whether the meeting will be webcasted or not.

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4. The secretariat will need to ensure that all members who wish to participate at the meeting virtually, including by using the facilities of other organizations.
 5. Virtual means of participation could be scoped as follows:
 - (a) To ensure effective participation of member(s) who may wish to participate virtually at meetings of the SCF, the secretariat should, inter alia:
 - (i) Inform the SCF members in a timely manner of the virtual participation of any member(s);
 - (ii) Confirm to the SCF the virtual participation of any member(s) to ensure that quorum is established so that meeting can begin, as necessary;
 - (iii) Confirm to the body the virtual participation of any member(s) in decision-making to ensure quorum is established;
 - (iv) Put in place practical and efficient measures to facilitate the input of members participating virtually in the deliberations and in decision-making, bearing in mind the technical and other constraints that may exist for some members.

Advantages:

1. There will be no “rotation” of membership and will ensure continuity, ownership, and accountability of members.
2. The SCF had positive experiences with virtual participation of members in past meetings of the SCF, and in general, other constituted bodies are also employing this tool.

Considerations:

1. It may not ensure the full representation of all constituencies in all meetings of the SCF.
 2. Availability and reliability of wi-fi and internet connections and software may affect the capacity and quality of engagement in the deliberation of members at the meetings.
 3. Informal consultations among members and constituencies during the meeting may not be possible.
 4. Participation in breakout group discussions may be more challenging as not webcast facilities are not available in all meeting rooms.
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