

## Fifteenth meeting of the Standing Committee on Finance Bonn, Germany, 7–9 March 2017

### Background paper on the review of the functions of the Standing Committee on Finance

#### Expected actions by the Standing Committee on Finance

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

- a) The scope of and approach to the SCF's self-assessment; and
- b) The workplan, and modalities of work, including intersessional work, for the preparation of the self-assessment report.

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

1. In line with the terms of reference (ToR) for the review of the functions of the Standing Committee on Finance (SCF) adopted by COP22 (see annex I),<sup>1</sup> the SCF may wish to agree on the **scope of its self-assessment**, which could cover:
  - (a) *Part 1*: Progress made to date; and lessons learned in the fulfilment of the mandate of the SCF to assist the Conference of the Parties (COP) in the exercise of its functions with respect to the Financial Mechanism; and
  - (b) *Part 2*: Recommendations on improving its efficiency and effectiveness.
2. The SCF may wish to further consider and agree on an **outline for its report**, as contained in annex II, and consistent with the above described scope, as well as its approach to conducting this work, described below:

##### *Part 1:*

3. Progress made to date: In order to prepare its self-assessment report, the SCF may wish to consider the seven proposed areas to be assessed as presented in the first column of the table contained in annex III, as well as information on relevant technical work to be conducted for each of the areas (see columns 2 to 4).
4. Lessons learned: Further, should the SCF agree that the self-assessment would also address lessons learned, the SCF may wish to consider launching an open-ended survey among its members, possibly including past SCF members, in order to collect individual perspectives, experiences, and views, including on the seven areas of progress made identified in the first column of the table contained in annex III.

##### *Part 2:*

5. In order to come to an agreement on possible recommendations to be presented in its self-assessment report to COP 23, the SCF may also wish to attempt to further define effectiveness and efficiency, the two qualifiers for possible recommendations as identified in the Terms of Reference. In doing so, the SCF may wish to bear in mind the overall context provided by its overarching aim to assist the COP in the exercise of its functions with respect to the Financial Mechanism.
6. Recommendations on efficiency and effectiveness: With regard to recommendations on improving its efficiency and effectiveness, the SCF may wish to consider the three possible areas for recommendations as presented in annex IV with a view to agreeing on the possible areas of recommendations to be included in its self-assessment report.

<sup>1</sup> Decision 9/CP.22, annex.



7. Should the SCF come to an agreement on its approach to the self-assessment as outlined in paragraphs 1 to 6 above and bearing in mind the tentative timeline for the review of the functions of the SCF as outlined in paragraph 11 below, it may wish to agree on the **tentative timeline and activities identified in annex V**, including:
  - (a) Launching of the relevant technical/analytical work to be led by the working group under the guidance of the co-facilitators with the support of the secretariat;
  - (b) Agreement on the survey questions, including whether or not past members should be included in this survey;
  - (c) Agreement on the call for submissions, including specific questions to be included, as well as target audience;
  - (d) Any other inter-sessional work it deems necessary on this topic, such as requesting the working group and the co-facilitators, with the support of the secretariat, to prepare the relevant information for the last meeting of the SCF in 2017, including draft recommendations as appropriate, based on the inputs received. For this purpose, the SCF may also wish to make use of focus groups which could convene e.g. around sessions of the SBs in order to progress work on the development of recommendations and/or the finalization of the self-assessment report.
8. Additionally, the SCF may wish to agree on the **modalities of work for the preparation of the self-assessment**, which could encompass:
  - (a) The establishment of a working group and the nomination of co-facilitators who, with the support of the secretariat, would lead the work on this matter;
  - (b) Conduct of technical/analytical work in the context of part 1 of its self-assessment in terms of progress made to date and possible lessons learned (see paragraphs 3 and 4 and the information contained in annex III);
  - (c) Launching a survey among members on various issues, including past members should the SCF agree accordingly (see the information contained in annex III);
  - (d) Launching a call for submissions from Parties, observers, constituted bodies, the operating entities, and other external stakeholders, which could ask for inputs/feedback on various issues (see the information contained in annex III); the SCF could also make use of its side event during the forty-sixth session of the Subsidiary Bodies (SBs) to promote awareness of its on-going work on this matters in general, as well as of the call for submissions;
  - (e) Finalization of the information to be contained in its self-assessment report to COP 23, including finalizing part 2 of its report, i.e. agreeing on the recommendations on improving its efficiency and effectiveness and possible lessons learned during its last meeting based on the outcome of its technical/analytical work, the survey, as well as the call for submissions.

**II. Background**

9. At COP 22, Parties adopted the ToR for the review of the functions of the SCF as contained in the annex to decision 9/CP.22. The ToR encompass the objective, scope, sources of information, and criteria for the review.
10. Notably, one of the sources on information for the review is a **self-assessment report** of the SCF and recommendations on improving its efficiency and effectiveness. The full ToR are contained in annex I to this document.
11. The **tentative timeline** for the review of the functions of the SCF can be found below:

	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov
SCF 15: To agree on approach on its self-assessment	7-9								
Submissions of views (members of the SCF, Parties, the constituted	9								

bodies under the Convention and external stakeholders)									
SBI 46: to initiate work on the review, and consider submissions			8-18						
Secretariat to produce technical paper, taking into account the deliberations and conclusions of SBI 46 and the submissions							Last week (tentatively)		
SCF to produce report to COP 23, including its self-assessment as mandated by COP22								First week (tentatively)	
SBI 47: to complete its work on the review									6-17
COP 23: to adopt a decision on the review of the functions									6-17

## **Annex I - Terms of reference for the review of the functions of the Standing Committee on Finance**

### **A. Objective**

1. The objective of the review of the Standing Committee on Finance (SCF) is to review the functions of the committee, with a view to:
  - (a) Strengthening the work of the SCF, as appropriate;
  - (b) Identifying opportunities for increased efficiency and effectiveness;
  - (c) Informing Parties on the extent to which the existing activities and working modalities of the SCF will fulfil its mandate to serve the Paris Agreement in line with decision 1/CP.21, paragraph 63;
  - (d) Taking into account interrelated review processes, such as the sixth review of the Financial Mechanism.

### **B. Scope**

2. The scope of the review will cover the progress made to date and lessons learned in the fulfilment of the mandate of the SCF to assist the Conference of the Parties (COP) in the exercise of its functions with respect to the Financial Mechanism. In this context, the review should:
  - (a) Be based on the current mandate and functions of the SCF;
  - (b) Be informed by the work on climate finance conducted by other entities;
  - (c) Examine whether any gaps exist in the delivery of the work of the SCF and how they can be addressed.
3. The review should address the following elements:
  - (a) Assessment of the extent to which the SCF has effectively delivered on its core functions and mandated activities as outlined in decision 2/CP.17 and other relevant decisions and, in this regard, taking stock of past achievements of the SCF in terms of its concrete outputs and how they have been utilized;
  - (b) Identification of the potential need for reorientation or reprioritization of the existing functions of the SCF;
  - (c) Assessment of whether the working modalities of the SCF, including the participation of its members, are fit-for-purpose for carrying out its functions;
  - (d) Quality of outputs;
  - (e) Linkages with the constituted bodies under the Convention;
  - (f) Relations with relevant external stakeholders.

### **C. Sources of information**

4. The review shall draw upon, inter alia, the following sources of information:
  - (a) Submissions from members of the SCF, Parties and the constituted bodies under the Convention, as well as external stakeholders involved in the activities of the SCF;
  - (b) The annual reports of the SCF, including, in particular, annex VII to its report to COP 22;
  - (c) The relevant decisions of the COP related to the SCF;

- (d) Outputs delivered by the SCF, such as the biennial assessment and overview of climate finance flows;
- (e) A self-assessment report of the SCF and recommendations on improving its efficiency and effectiveness;
- (f) The technical paper to be prepared by the secretariat in line with paragraph 5 of this decision.

**D. Criteria**

- 5. The review shall take into account, inter alia, the following:
  - (a) The effectiveness and efficiency of the SCF in the delivery of its functions;
  - (b) The transparency of its decision-making processes;
  - (c) The level and nature of stakeholder engagement;
  - (d) The quality and added value of the outputs of the SCF, including how they were received by the COP and external stakeholders, and in particular how its recommendations have informed and advanced the work of the COP;
  - (e) The timeliness of the outputs of the SCF.

## **Annex II – Draft outline of the self-assessment report of the SCF**

1. Introduction
  - Mandate
  - Description of approach/methodology for preparation of self-assessment report

*Part 1:*

2. Progress made to date
  - Summary of technical/analytical information gathered
  - Summary of feedback received from various stakeholders and SCF members
  - Other information as appropriate
3. Lessons learned in the fulfilment of the mandate of the SCF to assist the COP in the exercise of its functions with respect to the Financial Mechanism
  - Summary of feedback received from SCF members
  - Other information as appropriate

*Part 2:*

4. Recommendations on improving its efficiency and effectiveness
  - As agreed on by SCF

### Annex III - Part 1: Matrix of possible work to be conducted in the context of progress made to date and lessons learned

Progress made to date by the SCF	Technical/analytical work	Survey among members	Call for submissions/feedback/views	Lessons learned
<p>1. Assessment of the extent to which SCF has effectively delivered on its core functions and mandated activities and, in this regard, taking stock of its past achievements in terms of its concrete outputs and how they have been utilized</p> <p>Quality and added value of the outputs of the SCF, including how they were received by the COP and external stakeholders, and in particular how its recommendations have informed and advanced the work of the COP</p>	<p>Enhancement of the overview of mandates provided to the SCF by the COP compared to outputs delivered by the Committee: 2011–2015<sup>2</sup> by including information on decisions/recommendations/actions taken by the COP/subsidiary bodies (SBs)/constituted bodies/other stakeholders in response to the information reported on by the SCF</p>	<p>Question on extent to which the SCF has effectively delivered on its core functions and mandated activities and, in this regard, taking stock of its past achievements in terms of its concrete outputs and how they have been utilized; and, more specifically, the quality and added value of the outputs of the SCF, including how they were received by the COP and external stakeholders, and in particular how its recommendations have informed and advanced the work of the COP</p> <p>Launch of an open-ended survey among SCF members to collect relevant lessons learned</p>	<p>Question on quality and added value of the outputs of the SCF, including how they were received by the COP and external stakeholders, and in particular how its recommendations have informed and advanced the work of the COP</p>	<p>As appropriate</p>
<p>2. Identification of the potential need for reorientation or reprioritization of the existing functions of the SCF</p>	<p>Enhancement of the mapping of areas of work as mandated by decision 1/CP.21 in light of future possible involvement by the SCF,<sup>3</sup> e.g. through a synthesis and evaluation of relevant information in terms of the existing functions of the SCF, as well as a summary of the discussions that took place during the retreat of the SCF in 2016 and 2017</p>	<p>Question on the potential need for reorientation or reprioritization of the existing functions of the SCF</p> <p>Launch of an open-ended survey among SCF members to collect relevant lessons learned</p>		<p>As appropriate</p>
<p>3. Assessment of whether SCF working modalities, including the participation of its members, are fit-for-</p>	<p>Compilation of relevant information, including a description of existing working modalities, participation in meetings (quantitative information and description of other means of participation,</p>	<p>Question on whether the working modalities of the SCF, including the participation of its members, are fit-</p>		<p>As appropriate</p>

<sup>2</sup> Contained in document FCCC/CP/2016/8, annex VII.

<sup>3</sup> A document entitled „Mapping of the Paris Agreement (decision 1/CP.21) in light of possible future engagement by the SCF“ was presented to and discussed by the SCF during its 2016 retreat. The document contained a mapping of areas of work as mandated by decision 1/CP.21 which may be of interest in terms of future possible involvement by the SCF based on its current activities, both pre- as well as post 2020 / upon ratification of the Agreement, and also made reference to existing functions of the SCF which could correlate to the respective mandates as provided by COP 21.

Progress made to date by the SCF	Technical/analytical work	Survey among members	Call for submissions/feedback/views	Lessons learned
purpose for carrying out its functions	such as virtual participation), as well as a summary of the discussions that took place during the retreats of the SCF in 2015, 2016, and 2017 on the issue of SCF working modalities	for purpose for carrying out its functions  Launch of an open-ended survey among SCF members to collect relevant lessons learned		
4. Linkages with the constituted bodies under the Convention	Mapping of mandates and activities of constituted bodies vis-à-vis the SCF's mandates and activities; compilation of information on interaction between the SCF and the constituted bodies (type and modalities of interaction, number and description of interactions, as well as possible outputs of such interaction)	Question on linkages with the constituted bodies under the Convention  Launch of an open-ended survey among SCF members to collect relevant lessons learned	Question on the SCF's linkages with the constituted bodies under the Convention	As appropriate
5. Relations with relevant external stakeholders  Level and nature of stakeholder engagement	Mapping of mandates and activities conducted by the SCF, as well as different types of stakeholders engaged in the work of the SCF; compilation of information on interaction between the SCF and external stakeholders (type/nature and modalities of interaction, number and description of interactions, as well as possible outputs of such interaction)	Question on the relation of the SCF with relevant external stakeholders / Level and nature of stakeholder engagement  Launch of an open-ended survey among SCF members to collect relevant lessons learned	Question on the SCF's relations with relevant external stakeholders / Level and nature of stakeholder engagement;	As appropriate
6. The transparency of SCF decision-making processes	Compilation of relevant information, including a description of the modalities of existing decision-making processes	Question on the transparency of its decision-making processes  Launch of an open-ended survey among SCF members to collect relevant lessons learned	Question on the SCF's transparency of decision-making processes	As appropriate
7. The timeliness of SCF outputs	Compilation of relevant information (e.g. issuance of specific products in light of proximity of the session of the relevant body during which this product was to be considered, timeline for replenishments and other on-going review processes, official UNFCCC document deadlines, etc.)	Launch of an open-ended survey among SCF members to collect relevant lessons learned	Question on the timeliness of the outputs of the SCF	As appropriate

**Annex IV – Part 2: Possible areas for recommendations on efficiency and effectiveness**

Possible area for recommendations	Relevant provision in the terms of reference for the review	Possible related area of progress made to date / lessons learned
1. Existing functions and work of the SCF, including working modalities	<p>Strengthening the work of the SCF, as appropriate; (decision 9/CP.22, annex, paragraph 1)</p> <p>Examine whether any gaps exist in the delivery of the work of the SCF and how they can be addressed; (decision 9/CP.22, annex, paragraph 2 (c))</p> <p>Assessment of the extent to which the SCF has effectively delivered on its core functions and mandated activities as outlined in decision 2/CP.17 and other relevant decisions and, in this regard, taking stock of past achievements of the SCF in terms of its concrete outputs and how they have been utilized / Quality of outputs / The effectiveness and efficiency of the SCF in the delivery of its functions; (decision 9/CP.22, annex, paragraphs 3 (a) and (d), and 5 (a))</p> <p>Assessment of whether the working modalities of the SCF, including the participation of its members, are fit-for-purpose for carrying out its functions; (decision 9/CP.22, annex, paragraph 3 (c))</p> <p>Identifying opportunities for increased efficiency and effectiveness; (decision 9/CP.22, annex, paragraph 1 (b))</p> <p>Identification of the potential need for reorientation or reprioritization of the existing functions of the SCF; (decision 9/CP.22, annex, paragraph 3 (b))</p>	<ul style="list-style-type: none"> <li>• Assessment of the extent to which SCF has effectively delivered on its core functions and mandated activities and, in this regard, taking stock of its past achievements in terms of its concrete outputs and how they have been utilized</li> <li>• Quality and added value of the outputs of the SCF, including how they were received by the COP and external stakeholders, and in particular how its recommendations have informed and advanced the work of the COP</li> <li>• Assessment of whether SCF working modalities, including the participation of its members, are fit-for-purpose for carrying out its functions</li> <li>• The transparency of SCF decision-making processes</li> <li>• The timeliness of SCF outputs</li> </ul>
2. Interrelationships of the SCF	<p>Linkages with the constituted bodies under the Convention; (decision 9/CP.22, annex, paragraph 3 (e))</p> <p>Relations with relevant external stakeholders; (decision 9/CP.22, annex, paragraph 3 (f))</p>	<ul style="list-style-type: none"> <li>• Relations with relevant external stakeholders</li> <li>• Level and nature of stakeholder engagement</li> <li>• Linkages with the constituted bodies under the Convention</li> </ul>
3. Serving the Paris Agreement	<p>Informing Parties on the extent to which the existing activities and working modalities of the SCF will fulfil its mandate to serve the Paris Agreement in line with decision 1/CP.21, paragraph 63; (decision 9/CP.22, annex, paragraph 1 (c))</p> <p>Identification of the potential need for reorientation or reprioritization of the existing functions of the SCF; (decision 9/CP.22, annex, paragraph 3 (b))</p>	<ul style="list-style-type: none"> <li>• Identification of the potential need for reorientation or reprioritization of the existing functions of the SCF</li> </ul>

## Annex V – Tentative timeline for the preparation of the self-assessment report of the SCF

	Mar	Apr	May	Jun	Jul	Aug	Sept
Part 1:							
SCF 15: Agreement on scope, modalities, technical/analytical work to be conducted, survey questions and call for submissions	X						
Survey among members	X	X	X	X			
Call for submissions	X	X	X	X			
Summary and analysis of information from submissions circulated to SCF for incorporation into lessons learned				X	X		
Drafting of Part I of the report		X	X	X	X		
Circulation to SCF for comments and second draft of Part I					X	X	
SBI 46: SCF side event to raise awareness of on-going call for submissions, possible meetings of focus groups			X				
Part 2:							
SCF 16: finalization of the self-assessment report, including agreement on recommendations and lessons learned as appropriate							X
Inclusion of self-assessment report into SCF report to COP 23							X