

## **Invitation from the COP 25 Presidency and the Incoming COP 26 Presidency for Informal Written Inputs on the Review of the Functions of the Standing Committee on Finance**

### **Introduction**

1. The Standing Committee on Finance (SCF) was established under the COP to assist the COP in exercising its functions with respect to the Financial Mechanism. Furthermore, the SCF serves the Paris Agreement, in line with the functions and responsibilities established under the COP. At COP23, Parties decided to agree on the timeline for the second review of the SCF at COP25 at the latest. The previous Terms of Reference (ToR) for the Review are as in the Annex to Decision 9/CP.22.
2. At COP25, Parties decided to initiate the Review of the Functions of the SCF at COP27 (November 2021), with a view to concluding the review at COP28 (November 2022). Furthermore, the CMA, at its second session, decided to initiate the Review of the Functions of the SCF relating to the Paris Agreement, as part of the review undertaken by the COP, with a view to concluding the review at CMA5 (November 2022).
3. With the postponement of COP 26 in 2020, at its meeting on 25 August 2020, the Bureau of the COP, the CMP, and the CMA confirmed the application of certain criteria to enable work mandated for 2020 and 2021 to be delivered at COP26 in November 2021 with a view to bringing the UNFCCC process back on track by the end of 2021, to the extent possible. Adhering to the conference years of the original mandate means initiating the Review of the Functions of the SCF at COP26 in November 2021.
4. In the joint Presidencies Plan for Informal Intersessional work on Climate Finance Matters, the COP 25 Presidency and incoming COP 26 Presidency set out our approach for taking forward informal work on specific mandated climate finance issues under the responsibility of the Governing Bodies. As set out in the work plan, we facilitated an initial informal multilateral exchange of views between Parties on the Review of the Functions of the Standing Committee on Finance in order to facilitate engagement and support informal technical progress on these negotiating items in advance of COP 26. Part one of this exchange was held on Thursday 5 August, with part two being held on Friday 6 August.

### **Informal written inputs**

5. As set out in the informal work plan and at the exchange of views sessions, the Presidencies would now like to invite Parties for informal written inputs on the terms of reference of the Review of the Functions of the Standing Committee on Finance.
6. The purpose of these written inputs is to allow Parties to provide detail in writing on the points they raised during the multilateral exchange of views sessions, as well as any reflections or additional detail following the sessions, according to Parties' preferences; to respond to points raised by other Parties; and to give Parties that were not able to participate in the informal exchange of views sessions an opportunity to provide inputs. Written inputs can be guided by the following questions:

- a. What are your general expectations for the second Review of the Functions of the Standing Committee on Finance, including with regards to the overall approach and the possible outcomes of the second review in Glasgow?
  - b. What specific updates should be made to the ToRs in order to be able to adopt them and initiate the second Review at COP 26? We encourage Parties to make reference to the existing ToRs in providing their responses to this question, and to be precise in noting any textual updates that would be needed in order for their substantive priorities to be addressed.
  - c. How should the separate mandate for the Review under the CMA (as set out in Decision 5/CMA.2, paragraph 17) interact with the Review under the COP?
7. Please send your informal written inputs by **Sunday 19 September 2021** to the incoming UK COP26 Presidency team at COP26-Moi@cabinetoffice.gov.uk and copying the UNFCCC secretariat climate finance team at climatefinance@unfccc.int). These should be provided as a pdf document and attached to an email with the subject line: '[Insert Party name]: Review of the Functions of the SCF written input'.
8. Informal written inputs received will be made available on the Presidencies page of the UNFCCC website. The Presidencies will compile all informal inputs after the 19 September deadline and circulate them to all Parties for information. Inputs will also be used to inform any further intersessional work undertaken by the Presidencies or incoming COP 26 Presidency. Parties also have the option, at their own discretion, of uploading their written input to the UNFCCC Submission Portal.

## Annex 1

### Summary of the informal multilateral exchange of views on the Review of the Functions of the Standing Committee on Finance 5-6 August 2021

In the informal multilateral exchange on the second Review of the Functions of the Standing Committee on Finance, we heard convergence amongst participating Parties that:

- The review should be initiated and the Terms of Reference (ToRs) adopted at COP 26, with the review then concluding at COP 27 in 2022.
- The previous ToRs for the first Review of the Functions of the SCF (as contained in the Annex to Decision 9/CP.22) provided a good basis for the discussion about the ToRs for the second Review.
- There was agreement that the Review would be a means to consider how effectively the SCF is fulfilling its mandate.
- In Glasgow there should be a request to the Secretariat to prepare a technical paper on this item in 2022 and Parties and observers should be requested to provide submissions to inform the Review in 2022.

We also noted several points on which further work by Parties will likely be required, including *inter alia*:

- How the mandate for the CMA to initiate its review of the SCF should be carried out, and how this would interact with the review under the COP;
- What substantive aspects should be covered by the second Review, with a number of priorities noted by Parties;
- What updates, if any, would be required to the ToRs from the first Review in order to enable the review to consider these substantive issues.

## Annex 2

### **Decision 9/CP.22, annex**

#### **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.

##### **A. Scope**

1. 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.
2. 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.

## **B. Sources of information**

3. 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;<sup>1</sup>
- (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.

## **C. Criteria**

4. The review shall take into account, inter alia, the following:

- (g) The effectiveness and efficiency of the SCF in the delivery of its functions;
- (h) The transparency of its decision-making processes;
- (i) The level and nature of stakeholder engagement;
- (j) 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;
- (k) The timeliness of the outputs of the SCF.

*10<sup>th</sup> plenary meeting  
18 November 2016*