



## Standing Committee on Finance

02 March 2023

Thirtieth meeting of the Standing Committee on Finance  
6 – 7 March 2023

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

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

The Standing Committee on Finance will be invited to agree on:

- a) Appoint co-facilitators for the work;
- b) The scope of the self-assessment, including areas for possible recommendations to improve the efficiency and effectiveness of the Committee;
- c) Provide guidance to the co-facilitators on the inter-sessional work to prepare the self-assessment report.

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

1. The Standing Committee on Finance (SCF) may wish to **appoint co-facilitators**, who will guide the preparation of the self-assessment report of the Committee, in line with the terms of reference (TOR) for the second review of the functions of the SCF (see annex I), adopted by the Conference of the Parties (COP) at its 27<sup>th</sup> session and affirmed by the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement (CMA) at its 4<sup>th</sup> session.

2. The SCF may wish to agree on the **scope of its self-assessment** in the fulfilment of its mandates to assist the COP in the exercise of its functions with respect to the Financial Mechanism and to serve the Paris Agreement. The scope could cover:

(a) On the progress made to date: the SCF may wish to consider the seven proposed areas to be assessed, as well as relevant technical work that could be conducted for each area (see Annex II);

(b) On the lessons learned by the SCF: the SCF may wish to consider incorporating lessons learned by the SCF members, including previous members who served the SCF during the review period (2018–2023), into the self-assessment report. The lessons learned could be collected by launching a survey on perspectives, experiences and lessons learned on the seven areas of assessment, as identified in annex II.

3. The SCF also may wish to reflect how **effectiveness and efficiency** of the Committee can be defined, which are the two qualifiers for possible recommendations as identified in the TOR. In this context, the SCF may wish to consider and agree on possible areas for recommendations on improving its efficiency and effectiveness, as presented in annex III.

4. Furthermore, the SCF may wish to provide guidance to the co-facilitators on the **inter-session work** to be undertaken. Tentative timeline and activities are identified in annex IV, including:

(a) Initiation of the technical work to compile factual information and analyze it in line with the scope of the review to be agreed during this meeting;

(b) Preparation of a submission by the SCF to SBI 58,<sup>1</sup> on the overview of mandates provided to the SCF compared to outputs delivered by the Committee during the review period;<sup>2</sup>

(c) Preparation and circulation of the survey to the incumbent and previous SCF members;

(d) Issuing a call for inputs from Parties, observers, other constituted bodies, the operating entities of the Financial Mechanism and other external stakeholders, to ask for their experience and views relating to the proposed areas of self-assessment, as specified in annex II;

(e) Preparation of a first order draft of self-assessment report to be considered by the SCF at its thirty-first meeting.

## II. Background

5. At COP 27, Parties adopted the TOR for the second review of the functions of the SCF. The Conference of the Parties serving as the meeting of the Parties to the Paris Agreement at its fourth session affirmed the decision which adopted the TOR for the second review. See annex I for the TOR.

6. The TOR includes the objective, scope, sources of information and criteria for the review. 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.

7. Below table outlines the process and tentative time of the second review, as set out by the COP decision.

	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
Submissions of views (members of the SCF, Parties, the UNFCCC constituted bodies and external stakeholders)		30								
SBI 58: to initiate work on the review in accordance with the TOR, considering the submissions received				5–15						
Secretariat to produce technical paper, taking into account the deliberations and conclusions of SBI 58 and the submissions							Q3 (tentative)			
SCF to submit its report to COP 28, including its self-assessment							After the conclusion of SCF 32 (tbc)			
SBI 59: to complete its work on the review COP 27: to adopt a decision on the review of the functions										30 Nov– 12 Dec

<sup>1</sup> Decision -/CP.27, paragraph 3: Invites SCF members, Parties, UNFCCC constituted bodies and external stakeholders to submit via the submission portal by 30 April 2023, their views on the second review of the functions of the Standing Committee on Finance based on the terms of reference contained in the annex for consideration by the Subsidiary Body for Implementation at its fifty-eighth session (June 2023).

<sup>2</sup> During the first review, the SCF submitted this information to facilitate deliberation of the SBI on the review of the functions of the SCF. The submission is available at:  
[https://www4.unfccc.int/sites/SubmissionsStaging/Documents/39\\_304\\_131359396103493098-SCF%20submission%20SBI%2046.pdf](https://www4.unfccc.int/sites/SubmissionsStaging/Documents/39_304_131359396103493098-SCF%20submission%20SBI%2046.pdf).

## Annex I

### Terms of reference for the second review of the functions of the Standing Committee on Finance

#### I. Objective

1. The objective of the second review is to review the functions of the Standing Committee on Finance (SCF) 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 facilitate it to 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 review of the Financial Mechanism.

#### II. Scope

2. The scope of the review will cover progress to date and lessons learned in the fulfilment of the mandate of the SCF to assist the Conference of the Parties (COP) and serve the Paris Agreement 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, taking into consideration the capacity of the SCF to deliver its work.

3. The review should address the following elements:

- (a) Assessment of the extent to which the SCF has effectively delivered on its four core functions and mandated activities<sup>3</sup> outlined in relevant decisions and, in this regard, take 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 and the Paris Agreement;

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<sup>3</sup> As per decision 2/CP.17.

- (f) Relations with relevant external stakeholders.

### **III. Sources of information**

- 4. The review shall draw upon, inter alia, the following sources of information:
  - (a) Submissions from members of the SCF, Parties to the Convention and the Paris Agreement, and the constituted bodies under the Convention and the Paris Agreement, as well as external stakeholders involved in the activities of the SCF;
  - (b) Annual reports of the SCF;
  - (c) Relevant decisions of the COP and the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement (CMA) relating to the SCF;
  - (d) Outputs delivered by the SCF;
  - (e) The self-assessment report of the SCF and recommendations on improving its efficiency and effectiveness;
  - (f) The technical paper to be prepared by the secretariat referred to in paragraph 6 of this decision.

### **IV. 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 inclusiveness and geographical representation of the SCF;
  - (d) The level and nature of its stakeholder engagement;
  - (e) The quality and added value of the outputs of the SCF, including how they were received by the COP, the CMA and external stakeholders, and in particular how its recommendations have informed and advanced the work of the COP and the CMA;
  - (f) The timeliness of the outputs of the SCF.

## Annex II

## Matrix of possible work to be conducted to assess progress made to date and lessons learned

Possible areas to assess the progress made to date	Technical/analytical work	Possible Survey among members on lessons learned	Call for inputs/feedback/views
<p>1. Assessment of the extent that the SCF has effectively delivered on its mandated functions and activities and, in this regard, taking stock of its achievements during the review period, 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/CMA and other stakeholders, and in particular how its recommendations have informed and advanced the work of the COP/CMA</p>	<p>Preparation of an overview of mandates provided to the SCF by the COP/CMA, compared to outputs delivered by the Committee; complemented by information on decisions/ recommendations/ actions taken by the COP/CMA/constituted bodies/other stakeholders in response to the outputs delivered by the SCF</p>	<p>Question on extent to which the SCF has effectively delivered on its mandated functions and 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/CMA and external stakeholders, and in particular how its recommendations have informed and advanced the work of the COP/CMA</p>	<p>Question on quality and added value of the outputs of the SCF, including how they were received by the COP/CMA and external stakeholders, and in particular how its recommendations have informed and advanced the work of the COP/CMA</p>
<p>2. Identification of the potential need for reorientation or reprioritization of the existing functions of the SCF</p>	<p>Mapping of COP/CMA decisions, which:</p> <ul style="list-style-type: none"> <li>(i) Make requests and invitations specifically to the SCF e.g., to deliver an output or to invite for the SCF's engagement/submission, and;</li> <li>(ii) Extends a more general invitation to all constituted bodies to conduct possible relevant work by each body.</li> </ul>	<p>Question on the potential need for reorientation or reprioritization of the existing functions of the SCF</p>	

Possible areas to assess the progress made to date	Technical/analytical work	Possible Survey among members on lessons learned	Call for inputs/feedback/views
	<p>The COP/CMA decisions may range across various ongoing workstreams under the UNFCCC.</p> <p>After the mapping, the information can be cross-examined on if and how the decisions correlate with the current functions of the SCF.</p>		
3. Assessment of whether SCF working modalities are fit-for-purpose for carrying out its functions, including participation, inclusiveness and geographical representation of the SCF in its work.	Compilation of relevant information, including a description of existing working modalities, participation in meetings (quantitative information and description of other means of participation, such as virtual participation), as well as a summary of the discussions that took place during previous retreats of the SCF on the issue of SCF working modalities	Question on whether the working modalities of the SCF, including the participation, inclusiveness and geographical representation of the SCF in its work, are fit-for-purpose for carrying out its functions	
4. Linkages with other constituted bodies	Mapping of mandates and activities of other constituted bodies against the SCF's mandates and activities; compilation of information on interaction between the SCF and other constituted bodies (e.g., type and modalities of interaction, number and description of interactions, as well as possible outputs of such interaction)	Question on linkages with other constituted bodies	Question on the SCF's linkages with other constituted bodies
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 (e.g., type/nature and modalities of interaction,	Question on the relation of the SCF with relevant external stakeholders / level and nature of stakeholder engagement	Question on the SCF's relations with relevant external stakeholders / level and nature of stakeholder engagement

Possible areas to assess the progress made to date	Technical/analytical work	Possible Survey among members on lessons learned	Call for inputs/feedback/views
	number and description of interactions, as well as possible outputs of such interaction)		
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	Question on the SCF's transparency of decision-making processes
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.)	Question on the timeliness of the SCF outputs	Question on the timeliness of the outputs of the SCF

## Annex III

## Possible areas for recommendations on efficiency and effectiveness

Possible area for recommendations	Relevant provision in the TOR 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; <i>(Paragraph 1(a) of the TOR)</i></p> <p>Examine whether any gaps exist in the delivery of the work of the SCF and how they can be addressed, taking into consideration the capacity of the SCF to deliver its work; <i>(Paragraph 2(c) of the TOR)</i></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 COP/CMA 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; <i>(Paragraphs 3 (a) and (d), and 5 (a) of the TOR)</i></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 / Inclusiveness and geographical representation of the SCF; <i>(Paragraph 3(c) and 5 (c) of the TOR)</i></p> <p>Identifying opportunities for increased efficiency and effectiveness; <i>(Paragraph 1 (b) of the TOR)</i></p> <p>Identification of the potential need for reorientation or reprioritization of the existing functions of the SCF; <i>(Paragraph 3 (b) of the TOR)</i></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; and whether the SCF was inclusive and geographically balanced in conducting its work</li> <li>• The transparency of SCF decision-making processes</li> <li>• The timeliness of SCF outputs</li> <li>• Identification of the potential need for reorientation or reprioritization of the existing functions of the SCF</li> </ul>
2. Inter-relationships of the SCF	<p>Linkages with UNFCCC constituted bodies; <i>(Paragraph 3 (e) of the TOR)</i></p> <p>Relations with relevant external stakeholders; <i>(Paragraph 3 (f) of the TOR)</i></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</li> </ul>
3. Serving the Paris Agreement	<p>Informing Parties on the extent to which the existing activities and working modalities of the SCF facilitate it to fulfil its mandate to serve the Paris Agreement in line with decision 1/CP.21, paragraph 63; <i>(Paragraph 1 (c) of the TOR)</i></p> <p>Identification of the potential need for reorientation or reprioritization of the existing functions of the SCF; <i>(Paragraph 3 (b) of the TOR)</i></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 IV****Tentative timeline of inter-sessional work for the preparation of the self-assessment report of the SCF**

	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
SCF 30: Appointment of the co-facilitators; agreement on the scope of the self-assessment and areas of recommendations on improving efficiency and effectiveness of the Committee; and the inter-sessional work to be conducted	X									
Preparation and circulation of survey questions for SCF members	X	X	X	X						
Call for inputs to the self-assessment report	X	X	X	X						
Preparation of the SCF's submission to SBI 58 on the viewview of mandates provided to the SCF compared to outputs delivered by the Committee during the review period	X	X								
Summary and analysis of information from submissions and survey responses circulated to SCF				X	X					
Drafting of first order draft of the report (by SCF 31, tbc)		X	X	SCF 31 (tbc)						
Revision of the draft report based on comments received during SCF 31					X	X	X			
SCF 32: finalization of the self-assessment report, including agreement on recommendations							SCF 32 (tbc)			
Inclusion of self-assessment report into SCF report to COP 27										X