

Background note: Review of the Functions of the Standing Committee on Finance

Context

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.¹ Furthermore, the SCF serves the Paris Agreement, in line with the functions and responsibilities established under the COP.²

At COP23, Parties decided to agree on the timeline for the second review of the SCF at COP25 at the latest³. The previous Terms of Reference (ToR) for the Review are as in the Annex to Decision 9/CP.22.

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).⁴ 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).⁵

With the postponement of COP26 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 2021.⁶

Objective

The objective of this informal facilitated multilateral exchange of views is to provide an informal space for Parties, with the support of the Presidencies, to exchange views on general expectations for the Review of the Functions of the SCF, including possible terms of reference, timing, and any other matters Parties may wish to raise.

Proposed Discussion Questions

With a view to Parties adopting the Terms of Reference for the second Review of the Functions of the Standing Committee on Finance (SCF) at COP26:

- 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 relation to possible Terms of Reference for the second review, how well do the previous Terms of Reference (ToR), as set out in Decision 9/CP.22, serve the purpose of establishing the basis for a holistic review of the SCF's functions? Are any updates required to the ToR with respect to its:
 - objectives;
 - scope;
 - the sources of information;
 - criteria?
- How should the separate mandate for the Review under the CMA interact with the Review under the COP?
- The Presidencies have indicated that following this informal multilateral exchange of views they will request Parties to provide informal inputs in writing to further elaborate their views on the Review of the Functions of the Standing Committee on Finance. In addition to this, is there a need for any further informal work ahead of COP26 specifically to support the development of the ToR?

¹ Decision 1/CP.16, paragraph 112 and decision 2/CP.17, paragraph 121.

² Decision 1/CP.21, paragraph 63.

³ Decision 8/CP.23, paragraph 19.

⁴ Decision 11/CP.25, paragraph 17.

⁵ Decision 5/CMA.2, paragraph 17.

⁶https://unfccc.int/sites/default/files/resource/message_to_parties_and_observers_outcomes_of_cop_bureau%20meeting.pdf