

Compilation of in-session submissions on the second review of the functions of the Standing Committee on Finance

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This document compiles the submissions received by the secretariat following the invitation by the co-facilitators for the agenda item on the second review of the functions of the Standing Committee on Finance for Parties to provide in-session submissions on the item and elements of content and/or structure for a draft decision. The submissions are presented in the order of receipt.

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Submission from Argentina, Brazil and Uruguay

Argentina, Brazil and Uruguay (ABU) welcome the opportunity to present our views on the second review of the functions of the Standing Committee on Finance (SCF).

ABU recognizes that the SCF has played a relevant role toward and presented positive contributions to assisting, informing and advancing the work of the UNFCCC and its Paris Agreement (Decision 1/CP.21, para 63.) on climate finance related items. Its outputs, including the First Needs Assessment Report and the Biennial Assessments, among others, provide a solid basis for Parties to engage in climate finance conversations.

We understand that the main objective of the second review is to enhance the work the SCF in fulfilling its mandate in its four core functions, while also taking into consideration the challenges associated with delivering them in the period of the assessment.

ABU reiterates that revision scope should be guided by the criteria specified in decision 15/CP.27, in light of the principles of efficiency, efficacy, transparency and inclusiveness of the work of the Committee.

On the technical paper, we would like to see an extensive, non-exhaustive analysis of the performance of the SCF, in light of its mandate and relevant COP decisions. Its structure should include, among others

1. Overview and synthesis of submissions made in response to decision 15/CP.27, as well as a summary of inputs provided by Parties during the SB 58 session on the matter;
2. Working modalities of the SCF, with a focus on effectiveness of participation of members;
3. Key aspects on stakeholder engagement, in particular on the outreach for members, non-members and observers;
4. Key areas of work of the SCF, related outputs and gaps (as per the terms of reference approved in decision 15/CP.27). We would like to give especial attention to effectiveness of Convention and the function of resource mobilization;
5. Stocktake on areas of improvement since the first review (2018);
6. Gaps in the decision-making process and possible ways to overcome them.

While it is too early to determine the elements of the COP decision on the matter, in particular due to the lack of the technical paper from the Secretariat, we understand that the COP decision should capture the main gaps of the SCF in delivering on its mandate and core functions, while providing specific recommendations to course correct them in a timely manner.

On the modalities of work, we would like to reiterate our concern with current constraints for the effective participation of developing countries in SCF meetings and mandated events. The parallel breakout-session-modality is not entirely conducive for interaction for members to cover all relevant matters at hand.

The role of Party observers should be re-assessed to provide ways for more active participation in the work of the SCF. In this case, ABU believes that a mechanism to fund participation of at least one (ideally two) Party observers from each negotiating group of the UNFCCC should be considered and put in place.

Moreover, ABU Group, which is very active in its engagement on climate change negotiations under the UNFCCC/Paris Agreement, has not a single member on the SCF, which complicates the situation for our Group to effectively engage on SCF's work. So, it will be important for the review to assess ways for improving engagement with non-member Parties and groups.

The review should then consider the need for the SCF to count with a higher number of members from developing country Parties (with the same share of regional and developed/developing countries representation) to enhance legitimacy and to permit that every negotiating group is represented in the discussions, at least with one member, specially should the working modality continues to be in two or more simultaneously held break out groups.

Submission from Saudi Arabia on behalf of the Arab Group

Introduction

COP 27 invited members of the SCF, Parties, UNFCCC constituted bodies and external stakeholders to submit their views on the second review of the functions of the SCF based on the terms of reference for consideration by the Subsidiary Body for Implementation at its fifty-eighth session (June 2023). In addition, as part of informal consultations, the co-facilitators of the second review of functions of the SCF requested written inputs on the structure of a draft decision and possible elements within the conclusion to develop a compilation of submissions with a view to facilitate further deliberations amongst Parties during the fifty-eighth session of the Subsidiary Body for Implementation.

The second review of the functions is significant as it is the first review to be conducted since the adoption of the Paris Agreement. In this regard, there is an opportunity for both the COP and the CMA to conduct the review in a coordinated manner, recognizing the supreme role of the COP. Such a coordinated effort should result in one decision from the COP, that considers CMA-relevant elements as appropriate. The Arab Group opposes the reform, reorientation, reprioritization or removal/addition of any function emanating from the SCF's original mandate from the COP. The present submission is aimed at strengthening the work of the SCF, improve its efficiency and effectiveness in the context of its responsibilities under the UNFCCC and its Paris Agreement. The submission will discuss substantive elements as well as information on the possible conclusion and draft decision.

Substantive elements on the second review of functions of the Standing Committee on Finance

Overview:

SCF assists the Conference of the Parties (COP) on climate finance matters. The work involves improving coherence and coordination in the delivery of climate financing, rationalization of the Financial Mechanism (GCF/GEF), the extent of mobilization of financial resources and measurement, reporting and verification (MRV) of support provided to developing country Parties. The mandate of the SCF includes preparation of reports on the Biennial Assessment (BA), needs determination report, MRV of support, and guidance to the operating entities, among other issues. The Arab Group appreciates the work that the SCF has done, particularly in developing the Needs Determination Report. We look forward to further work on the needs of developing countries, and further MRV reports, particularly in relation to tracking progress on developed countries' climate finance commitments such as the USD 100 billion goal, the doubling of adaptation finance and in the future on the new collective quantified goal on climate finance.

Non-member Party engagement:

This requires SCF to take on board the views of all Parties to the UNFCCC, under which it is a constituted body, and not just the members of the SCF. The engagement should, therefore, place focus on wider consultations with non-Member Parties and increase presence via regional forums to enable equitable representation of views.

Guidance to the operating entities:

There have been consistent issues with Parties not utilizing draft guidance to the operating entities of the Financial Mechanism during negotiations. In the Arab Group's view, issues related to the transparency within the SCF decision-making process and low engagement with non-member Parties are the core reasons for the low utilization of draft guidance.

Functions:

The Arab Group does not agree with the concept of mandating the SCF to reprioritize and reorient its existing functions, rather, in recognition of the importance of mandates emanating from the COP and CMA, the SCF should deliver its functions based on the mandates received from Parties. Ongoing and incoming mandates shall dictate the nature and content of the work of the SCF, irrespective to which function a given mandate corresponds with. In that line, Parties can consider increasing output within a given function within the process of requesting mandates. Ultimately, priorities should be defined through an inclusive, Party-driven, and equitable process with the participation of all, rather than through an exclusive, member-driven, and non-transparent manner.

Equity in engagement and quality of output:

The SCF's outputs have not been consistently considered and received by Parties. As stated earlier in the submission, the quality of output from Parties' perspective has not been consistent due to low transparency within the SCF within its decision-making process and low engagement with non-member Parties. With regards to transparency, due to time constraints within the SCF meetings, co-facilitators have engaged in the filtration of Party submissions on the draft guidance to the operating entities without providing adequate rationales or holding consultations with non-member Parties to justify draft decisions. Party observers have been required to withhold input on such deliberations due to time constraints. In other examples, the SCF was made aware by a Party observer that the content of their group submission was not accurately reflected in a synthesis report and the SCF did not engage with the Party observer to address the concern. On the contrary, the Party observer was limited from making interventions during that particular meeting.

Work modalities:

To enhance non-member Party (Party observers) engagement with the SCF, the work modalities must be fit for purpose. Interventions by Party observers shall be given priority over non-Party observers. All draft version documents with tracked changes shall be provided to Party observers, including any assessment conducted on submissions from Parties on the draft guidance to the operating entities of the Financial Mechanism. Lack of time is not an adequate rationale to restrict engagement with Party observers, and as such, the SCF should consider holding additional meetings/consultations within the intersessional period in relation to the number of mandates provided. The Arab Group is opposed to adding any additional criteria on eligibility of member nominations.

*Elements of conclusion and draft decision***Required input from SCF for technical report from secretariat**

- Information on the attendance of members and Party observers disaggregated between developed and developing countries.
- Analysis of how outputs were considered by COP/CMA since the previous review and a qualitative comparison with the analysis from the first review period.
- Information on the growth of the number of mandates in the second review period disaggregated on an annual basis.
- Qualitative assessment of the alignment of each output in the second review period with its corresponding mandate from the COP/CMA.

Elements of conclusion and draft decision

1. **Preamble:** recalling relevant decisions and principles of the Convention
2. **Direction to the secretariat on the technical report**
3. **Substantive elements on the second review:** due to the heavy workload for finance in the upcoming COP/CMA sessions, the Arab Group strongly recommends that Parties agree on as many substantive elements of the review as possible during discussions to facilitate and easier process, in consideration of delegation size, particularly for developing countries.

Submission from Sweden and the European Commission on behalf of the European Union and its member States

The European Union and its Member States welcome the invitation by co-facilitators for Parties to submit their views on elements that should be captured in a draft decision.

We would like the decision to include elements already outlined in our submission from 26th April 2023¹, especially to reflect on:

- Assessment of the extent to which the SCF has effectively delivered on its four core functions and mandated activities 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 utilised;
- Identification of the potential need for reorientation or reprioritisation of the existing functions of the SCF;
- Assessment of whether the working modalities of the SCF, including the participation of its members, are fit for purpose for carrying out its functions;
- Quality of outputs;
- Linkages with the constituted bodies under the Convention and the Paris Agreement;
- Relations with relevant external stakeholders, also including the business community at large and the financial sector in particular to ensure a joined-up approach to the transition of financial flows.

In addition to the listed above, we would like the draft decision to also: (1) include information that this is the first review of the SCF functions under the Paris Agreement and further reflection on this matter, and; (2) further revise the mode of work and methodology applied by SCF regarding its work on ways to achieve Article 2, paragraph 1(c), of the Paris Agreement.

¹ <https://www4.unfccc.int/sites/SubmissionsStaging/Documents/202304261541---SE-2023-04-26%20EU%20submission%20on%20the%20second%20review%20of%20SCF.pdf>.

Submission from India on behalf of the Like-minded Developing Countries

Background

COP 27 invited members of the SCF, Parties, UNFCCC constituted bodies and external stakeholders to submit their views on the second review of the functions of the SCF based on the terms of reference contained in the annexure to this document for consideration by the Subsidiary Body for Implementation at its fifty-eighth session (June 2023). In addition, as part of informal consultations, the co-facilitators of the second review of functions of the SCF requested written inputs on the structure of a draft decision and possible elements within the conclusion to develop a compilation of submissions with a view to facilitate further deliberations amongst Parties during the fifty-eighth session of the Subsidiary Body for Implementation.

The second review of the functions is significant as it is the first review to be conducted since the adoption of the Paris Agreement. In this regard, there is an opportunity for both the COP and the CMA to conduct the review in a coordinated manner, recognizing the supreme role of the COP. Such a coordinated effort should result in one decision from the COP, that considers CMA-relevant elements as appropriate. The LMDC is also not willing to deliberate the reform, reorientation, reprioritization or removal/addition of any function emanating from the SCF's original mandate from the COP.

The present submission is aimed at strengthening the work of the SCF, improve its efficiency and effectiveness in the context of its responsibilities under the UNFCCC and its Paris Agreement. The submission will discuss substantive elements as well as information on the possible conclusion and draft decision.

Work of the Standing Committee of Finance and the suggestions for improvement in its functioning

a. **Overview:** SCF assists the Conference of the Parties (COP) on climate finance matters. The work involves improving coherence and coordination in the delivery of climate financing, rationalization of the Financial Mechanism (GCF/GEF), the extent of mobilization of financial resources and measurement, reporting and verification (MRV) of support provided to developing country Parties. The mandate of the SCF includes preparation of reports on the Biennial Assessment (BA), needs determination report, MRV of support, and guidance to the operating entities, among other issues. The LMDC appreciates the work that the SCF has done, particularly in developing the Needs Determination Report. We look forward to further work on the needs of developing countries, and further MRV reports, particularly in relation to tracking progress on developed countries' climate finance commitments such as the USD 100 billion goal and the doubling of adaptation finance.

b. **Non-member Party engagement:** This requires SCF to take on board the views of all Parties to the UNFCCC, under which it is a constituted body, and not just the members of the SCF. The engagement should, therefore, place focus on wider consultations with non-Member Parties and increase presence via regional forums to enable equitable representation of views.

c. **Climate finance definition:** The SCF is engaged in the important work related to defining climate finance. In the specific case of definitions of climate finance, a source or a use-based definition may not be enough. It would be important to understand the quality of flows to developing countries and the implications that this may have if resources are predominantly in the form of loans.

d. **Assessment of data sources and methodologies in MRV function:** SCF uses secondary data to assess biennial flows. In such cases, the rationale and detail of the methodology followed also need to be discussed. The SCF should be able to deliberate on the methodologies in light of the principles of the Convention and its Paris Agreement and the needs and priorities of developing countries, not just enumerate the results from those sources. Such value addition can improve the utility of the reports of the SCF.

e. **Guidance to the operating entities:** SCF should also examine and suggest measures to improve access to the operating entities of the Financial Mechanism (GCF/GEF) for all developing countries, with a view to make them more effective in supporting the implementation of national plans in a country-driven manner. Issues such as suggestions on enabling pre-project finance, which often acts as a hurdle to developing nations in creating a strong pipeline of projects and better leveraging their resources, may be vital. There have been consistent issues with Parties not utilizing draft guidance to the operating entities of the Financial Mechanism during negotiations. In the LMDC's view, issues related to the transparency within the SCF decision-making process and low engagement with non-member Parties are the core reasons for the low utilization of draft guidance.

f. **Functions:** The LMDC does not agree with the concept of mandating the SCF to reprioritize and reorient its existing functions, rather, in recognition of the importance of mandates emanating from the COP and CMA, the SCF should deliver its functions based on the mandates received from Parties. Ongoing and incoming mandates shall dictate the nature and content of the work of the SCF, irrespective to which function a given mandate corresponds with. In that line, Parties can consider increasing output within a given function within the process of requesting mandates. Ultimately, priorities should be defined through an inclusive, Party-driven, and equitable process with the participation of all, rather than through an exclusive, member-driven, and non-transparent manner.

g. **Equity in engagement and quality of output:** The SCF's outputs have not been consistently considered and received by Parties. As stated earlier in the submission, the quality of output from Parties' perspective has not been consistent due to low transparency within the SCF within its decision-making process and low engagement with non-member Parties. With regards to transparency, due to time constraints within the SCF meetings, co-facilitators have engaged in the filtration of Party submissions on the draft guidance to the operating entities without providing adequate rationales or holding consultations with non-member Parties to justify draft decisions. Party observers have been required to withhold input on such deliberations due to time constraints. In other examples, the SCF was made aware by a Party observer that the content of their group submission was not accurately reflected in a synthesis report and the SCF did not engage with the Party observer to address the concern. On the contrary, the Party observer was limited from making interventions during that particular meeting.

h. **Work modalities:** To enhance non-member Party (Party observers) engagement with the SCF, the work modalities must be fit for purpose. Interventions by Party observers shall be given priority over non-Party observers. All draft version documents with tracked changes shall be provided to Party observers, including any assessment conducted on submissions from Parties on the draft guidance to the operating entities of the Financial Mechanism. Lack of time is not an adequate rationale to restrict engagement with Party observers, and as such, the SCF should consider holding additional meetings/consultations within the intersessional period in relation to the number of mandates provided. The LMDC is opposed to adding any additional criteria on eligibility of member nominations.

Elements of conclusion and draft decision:

A. Required input from SCF for technical report from secretariat:

- Information on the attendance of members and Party observers disaggregated between developed and developing countries.
- Analysis of how outputs were considered by COP/CMA since the previous review and a qualitative comparison with the analysis from the first review period.
- Information on the growth of the number of mandates in the second review period disaggregated on an annual basis.
- Qualitative assessment of the alignment of each output in the second review period with its corresponding mandate from the COP/CMA.

B. Elements of conclusion and draft decision:

1. **Preamble:** recalling relevant decisions and principles of the Convention
2. **Direction to the secretariat on the technical report**
3. **Substantive elements on the second review:** due to the heavy workload for finance in the upcoming COP/CMA sessions, the LMDC strongly recommends that Parties agree on as many substantive elements of the review as possible during discussions to facilitate an easier process, in consideration of delegation size, particularly for developing countries.

Submission from the United States of America

The United States welcomes the opportunity to submit views with regard to agenda item SBI 17: Second review of the functions of the Standing Committee on Finance (SCF). We underscore the critical importance of this review since it is the first review of the functions of the SCF that will consider how the SCF has served the Paris Agreement. We also reiterate our expectation that decisions will be taken at COP 28 and CMA 5 in this regard, consistent with paragraph 5 of decision 15/CP.27 and decision 15/CMA.4.

Elements of conclusions of SBI 58

1. The Subsidiary Body for Implementation (SBI) initiated work on the second review of the functions of the SCF in accordance with the terms of reference contained in the annex to decision 15/CP.27 and referred to in decision 15/CMA.4;
1. The SBI took note of the views submitted by members of the SCF, Parties, constituted bodies and external stakeholders;
2. [The SBI welcomed the submission provided by the SCF and noted the progress made to date by the SCF in fulfilling the mandates received;]
3. The SBI acknowledged the important contribution of the SCF in assisting the Conference of the Parties (COP) and serving the Paris Agreement in the exercise of its functions with respect to the Financial Mechanism, while recognizing the potential for improvements in the exercise of its current mandate and functions;
4. The SBI also acknowledged that the workload of the SCF has grown considerably, including the increasing number of additional mandates for and requests to the SCF;
5. In this regard, the SBI emphasized the need to further rationalize the functions of the SCF, taking into account its role in assisting the COP and serving the Paris Agreement and the capacity of the SCF to deliver on its work;
6. The SBI reiterated the request to the Secretariat, in preparing the technical paper on the second review of the functions of the SCF in accordance with decision 15/CP.27, paragraph 6 and 15/CMA.4 to take into account the deliberations and conclusions of SBI 58 and the submissions made in response to decision 15/CP.27, paragraph 3 and 15/CMA.4, and the self-assessment by the SCF, in accordance with the terms of reference for the review;
7. The SBI agreed to continue its consideration of this matter at SBI 59 (November–December 2023), taking into account the elements of draft decisions referred to in this annex, with a view to recommending draft decisions on the matter for consideration and adoption by the COP at its twenty-eighth session and the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement at its fifth session (November–December 2023).

Annex to the submission made by the United States of America

Elements of draft decisions for COP 28

1. [Welcome decision X/CMA.5]
2. [Welcome the review]
3. [Welcome with appreciation the SCF's work in assisting the Conference of the Parties and serving the Paris Agreement, in particular:]
 - a. [...]
4. [Welcome the self-assessment by the SCF]
5. [Welcome the technical paper]
6. [Welcome the submissions]
7. [Placeholder for decision on the functions of the SCF]
8. [Decides to initiate the third review of the SCF]

Elements of draft decisions for CMA 5

1. [Welcome decision X/CP.28]
2. [Welcome the review]
3. [Welcome with appreciation the SCF's work in assisting the Conference of the Parties and serving the Paris Agreement, in particular:]
 - a. [...]
4. [Welcome the self-assessment by the SCF]
5. [Welcome the technical paper]
6. [Welcome the submissions]
7. [Placeholder for decision on the functions of the SCF]
8. [Decides to initiate the third review of the SCF]

Submission from Canada

Canada is pleased to make an in-session submission on its views on the second review of the functions of the Standing Committee on Finance (SCF) based on the terms of reference agreed at COP 27 and CMA 4, for consideration by the Subsidiary Body for Implementation (SBI) at its fifty-eighth session and looks forward to the completion of the review by the SBI at its fifty-ninth session, for consideration and adoption by COP 28 and CMA 5. At SB 58, Canada is supportive of conclusions that:

- Note the importance of the work of the SCF including its work as a technical body to assist the COP and the CMA in the exercise of its functions with respect to the Financial Mechanism;
- Highlight the growing workload of the Committee;
- Note the importance of gender balance and geographic representation to the effective function of the Committee;
- Highlight the need for the SCF to effectively engage with Party and non-Party stakeholders, including in particular indigenous people as rights holders;
- Highlight how the SCF's function can play an important role in the effective delivery of climate finance, including by supporting improved coherence and coordination of subsidiary and constituted bodies; and
- Launch the review to be considered by Parties at COP 28 and CMA 5.

Further, Canada is supportive of a draft decision that:

- Follows the ToRs as they were agreed to at COP 27 and CMA 4, including as it relates to the role of the both the COP and the CMA.
- Respects the mandate of the SCF to assist the COP and CMA as it relates to the Financial Mechanism;
- Highlights the importance of the SCF's draft guidance for the operating entities of the Financial Mechanism in streamlining information to increase the capacity of Parties and non-Party stakeholders in engaging on those respective agenda items;
- Invites Parties to use the outputs of the SCF to the best of their ability;
- Encourages the SCF to support work that assists developing countries in better accessing climate finance;
- Requests Parties consider the workload of the Secretariat when requesting future outputs and the possible impact of a high number of outputs on their effectiveness; and,
- Ensures the SCF takes an inclusive approach to its function, including when engaging and consulting externally.

In reviewing the functions of the SCF, and in addition to the broad overview of the SCF's effectiveness in fulfilling its mandates to the UNFCCC and Paris Agreement, Canada suggests that the secretariat's technical paper should:

- Quantitatively assess the workload of the SCF, by including the number of outputs it has been responsible for annually since its inception including its impact on the effectiveness of the Committee;

- Consider the gender-responsiveness of the SCF's work to date;
- Assess the geographic representation and gender balance of its committee members over time;
- Assess the SCF's engagement with stakeholders, including with indigenous peoples as rights holders and entities outside the UNFCCC, by outlining the frequency and type of engagement, as well as groups of stakeholders consulted, in the context of increasing the impact of the Financial Mechanism; and
- Review the Committee's work in improving coherence and coordination in the delivery of climate finance.

Submission from the least developed countries

- This second review of the functions of the SCF is a useful opportunity to discuss possible areas for improvement to further enhance SCF contribution to our work.
- The outcome of the review should consider the six assessment criteria listed in section IV of the Terms of Reference.
- The outcome of this second review should provide clarity about which functions the SCF has delivered on, and how. This assessment should consider the mandates received by the SCF.
- The outcome of the review should comment on the adequacy of current SCF modalities for effective and representative participation by Parties in SCF activities.
- The review should reflect on the timeliness and adequate access to drafts and outputs, before and after SCF and COP/ CMA meetings.
- Overall, the outcome of this review should identify possible gaps and areas for enhancement, and actions to address them.

On the technical paper to be prepared by the Secretariat

- Below are listed some matters to consider for the preparation of the technical paper, organised by main elements of the review:

On element (a): Assessment of the extent to which the SCF has effectively delivered on its four core functions and mandated activities 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.

- The paper by the Secretariat could provide an overview of the mandates to the SCF and the outputs delivered in response, organised around the core SCF functions.
- Existing links between mandates (e.g. follow-up mandate, or extension of mandates), as well as new mandates, should be indicated as part of this overview.
- This task should facilitate to assess which areas the SCF is focusing efforts, but also should allow to identify and assess gaps related to its functions, considering the mandates received.

On element (b): Identification of the potential need for reorientation or reprioritization of the existing functions of the SCF;

- The LDCs believe that Parties should discuss this matter, based on the information and assessment provided by the Secretariat in review element (a) above, but also taking into account inputs regarding quality of outputs (element (d) of this review).

On element (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;

- The Secretariat paper should describe the main working modalities of the SCF, including for participation of its members, Parties, and other stakeholders, and where relevant, explain how they apply to the main activities under the four core functions of the SCF.

- As input for Parties discussion, the paper could reflect on any linkages between these working modalities and the assessment made under element (a) of this review.
- Parties should then further discuss this matter to provide qualitative inputs to the review.

On element (d): Quality of outputs;

- The technical paper could provide an assessment on the quality and contribution of outputs to discussion, based on views expressed from Parties during COP/ CMA and how specific outputs have been considered by Parties.
- This component should consider the timeliness and adequate access to drafts and outputs, before and after SCF and COP/ CMA meetings.

On element (e): Linkages with the constituted bodies under the Convention and the Paris Agreement;

- The technical paper should provide an overview of existing linkages, and how they relate to the four core functions and main activities.

On element (f): Relations with relevant external stakeholders.

- The technical paper should provide an overview of existing mechanisms for communications and engagement with external stakeholders, how these have been used, and how they relate to the four core functions and main activities.

Submission from the Alliance of Small Island States

Mandate(s)

Decision 2/CP.17, Annex VI: *'The [COP] will conduct a review of the functions of the Standing Committee in 2015'* (Paragraph 10)

Decision 3/CP.4: *'The [COP] decides to agree on the timeline for the second review of the functions of the Standing Committee on Finance at its twenty-fifth session (November 2019) at the latest.'* (Paragraph 19)

Decision 11/CP.25: *'The [COP] decides to initiate the review of the functions of the Standing Committee on Finance at the twenty-seventh session of the Conference of the Parties (November 2021), noting decision 5/CMA.2, with a view to concluding it at its twenty-eighth session (November 2022)'* (Paragraph 17)

Decision 5/CMA.2: *'The [COP] decides to initiate the review of the functions of the Standing Committee on Finance relating to the Paris Agreement, as part of the review referred to in decision 11/CP.25 with a view to concluding it at its fifth session (November 2022)'*

Decision 15/CP.27: *'The [COP] invites members of the Standing Committee on Finance, Parties, UNFCCC constituted bodies and external stakeholders to submit via the submission portal,3 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)'*

Views

AOSIS welcomes the opportunity to present its views on the 2nd review of the Standing Committee on Finance ('SCF').

Review element (a): Assessment of SCF delivery of its core functions and mandated activities

AOSIS welcomes the SCF's efforts to deliver on its mandated activities. Its flagship document namely the Biennial Assessment of Climate Finance Flows and the more recent Needs Determination Report have been useful references to inform issues under consideration on the COP and CMA agendas.

Other products have also been utilized as reference documents within negotiations. There is however no scientific means to determine wider utility of the documents beyond the UNFCCC negotiations, nor any means of determining the range of users of the documents.

Review element (b): Identification of the potential need for reorientation or reprioritization of the existing SCF functions

AOSIS is of the view that the SCF's Monitoring, Reporting and Verification function should be given heightened priority. The importance of transparency of climate finance flows cannot be overstated especially having regard for the scientific imperative for systemic shifts needed to close implementation gaps and drive ambition in line with the ultimate objective of the Convention and the multi-layered objectives of the Paris Agreement.

Transparency can help to identify whether finance flows are addressing needs to support transformative climate action or otherwise to respond to loss and damage. That role should go hand in hand with SCF's conduct of Needs Determination Report.

In this regard, there should be greater effort placed in:

- a) Addressing data gaps;
- b) Improved granularity for information on mitigation, adaptation, loss and damage, and targeted focus on finance flows to small island developing States;
- c) Placing a sharper focus on definitional issues with a view to establishing clear parameters of what does not constitute climate finance.

Review element (c): Assessment of the SCF working modalities

Given the breadth of the work of the SCF, and the relevance to the climate finance negotiations, consideration should be given to improving participation whether through additional funding for developing countries to designate advisors or otherwise to provide for different modalities to stimulate greater participation, and contributions to the SCF work.

Review element (d): Quality of outputs

The products are presented in a format suited to the negotiations. However, whether the quality is suitable for a wider audience is inconclusive.

Review element (e): Linkages with the constituted bodies under the Convention and the Paris Agreement

The linkages with the constituted bodies are superficial.

Review element (f): Relations with relevant external stakeholders

There are no means of assessing relations with external stakeholders. A first step to rectify this limitation is to identify who are the external stakeholders, assess level of engagement, and the elaboration of a strategy for strengthening or improving engagement.

Submission from Zambia on behalf of the African Group

The SCF was established by the COP through decision 1/CP.16 and the COP through decision 1/CP.21 decided that the SCF shall also serve the Paris Agreement. Africa Group recognizes that this is the first time that both governing bodies, the COP and CMA will review the SCF, within their respective mandates.

The AGN appreciates the work that the SCF has conducted so far. We note that while there is an evident increased workload and mandates given to the body by the COP/ CMA, the arrangements and engagements have yet to evolve to ensure full and effective delivery on all its functions.

We highlight that issues related to the engagement with parties on SCF products need to be revisited to ensure, the timely delivery of SCF products, and the inclusion of the views of parties in a balanced manner.

Africa is cognizant of the challenges that have particularly featured the development of SCF documents. Such have included limited or imbalanced representation of some views of parties or groups of parties received through submission processes, constraints in effective coordination during the development of products limiting party representation and involvement.

In some cases, challenges related to the lack of fully agreed recommendations are forwarded to COP/ CMA for consideration emanating from lack of consensus.

AGN notes that the second review should reflect and consider if there are additional governance matters can be discussed, in particular:

- Ensuring more effective participation and engagement of developing country groups and parties in the work of the SCF, both for SCF meetings and related events as well as in in sessional activities
- Ensuring the SCF fulfils its mandated function to support the COP in resource mobilization

African Group envisages that only one review of the SCF will be undertaken. The second review should be coordinated between COP and CMA.

The Africa Group stresses that the COP has supreme authority over the SCF and that proposed changes to governance or functions in a bid to enhance the effectiveness and efficiency of the SCF can only be presented as recommendations from the CMA to the COP.

Submission from the Independent Association for Latin America and the Caribbean

AILAC welcomes the opportunity to submit views on the Second review of the functions of the Standing Committee on Finance

AILAC consider the second review of the functions of the Standing Committee on Finance (SCF) as a significant process being the first review of the SCF serving the Paris Agreement in line with its functions and responsibilities established under the Conference of the Parties. In this regard, AILAC sees a valuable opportunity to consider elements on how the SCF could strengthen its functions and responsibilities in the context of the Agreement, recognizing that the SCF plays a relevant role in assisting and informing climate change finance.

We believe that it would be highly valuable to formally request the Secretariat to undertake a comprehensive assessment of the Standing Committee of Finance's workload, especially vis-à-vis the utilization of documents. This assessment should encompass the evaluation of various aspects, including the volume and intricacy of mandated tasks and resource allocation considerations (such as financial and human costs). Additionally, it should appraise the degree to which Parties are utilizing outputs, particularly documents, to bolster the decision-making processes of the Conference of the Parties (COP) and the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement (CMA). By conducting such an assessment, it would be possible to have a more comprehensive understanding of the workload dynamics within the Committee and the efficacy of document utilization, thus enabling the identification of concrete areas for improvement within the framework of the review.

Subsequently, this input could serve SCF's own assessment, enabling it to focus on gaining a deeper understanding of the factors contributing to the outputs not being fit for purpose, through the identification and analysis of the underlying reasons behind this issue, allowing for informed decisions to be taken at the COP28, CMA5.

It is essential to undertake a review of the working modalities of the SCF, with the primary objective of ensuring the inclusiveness and transparency of its proceedings as per decision 8/CP.23. This should specifically focus on enhancing the participation and contribution of non-member Parties, or at the very least, all country groupings. AILAC, as a group, does not have a member as an SCF, which limits our ability to effectively engage, interact and contribute to the Committee's work.

Therefore, we encourage exploring alternatives to facilitate wider participation of non member Parties in the SCF meetings and proceedings. This could encompass country groupings bilateral consultations with the co-chairs specifically focused on gathering inputs and perspectives to informing decision making, continuing to foster virtual participation options along with other options, understanding the limitations this modality may entail.

We also support proposals for other stakeholders' engagement and would be willing to further work on this matter.

Conclusion

AILAC expects that the SCF continues to play a fundamental role in fostering a better understanding of climate finance in the upcoming years, especially in the context of implementation of the Paris Agreement. Therefore, we consider this second review crucial to ensure the effectiveness and efficiency of its functions.

We look forward to the technical paper from the Secretariat to have a broader understanding of the main constraints of the SCF in delivering on its mandate and core functions and recommendations on this matter.

Submission from Georgia

Georgia welcomes the opportunity to make in session submission on its views related to the Second Review of the Functions of the Standing Committee on Finance mandated by decision 15/CP.27 and 15/CMA.4. This submission should be read in conjunction with our submission² that sets in more detail the issues and concerns that need to be addressed in relation to equitable geographical representation (EGR) on SCF.

Proposal

SB58 Georgia is supportive that the conclusions include provisions on the importance of gender balance and EGR to the effective function of the Committee in this context and in order to facilitate a discussion of these issues, **Georgia proposes the following SCF composition**

24 members, comprising the following:

Four members each from the five regional groups of the United Nations:

- **Group of African States**
- **Group of Asian States**
- **Group of Eastern European States (EEG)**
- **Group of Latin American and Caribbean States (GRULAC)**
- **Western European and Other States Group (WEOG)**
- **Two members from the SIDS**
- **Two members from the LDCs**

This proposal is in addition to the composition identified in the submission.

1. Proposal for Achieving EGR in the Composition of the SCF (Alt. 1)

20 members, comprising the following:

10 members from developed country Parties

10 members from developing country Parties

- 2 members from Africa
- 2 members from Asia-Pacific
- 2 members from Latin-America and the Caribbean
- 1 member from a region not previously designated
- 1 member from any region
- 1 member from LDCs
- 1 member from SIDS

² The submission can be found on the following link:
<https://www4.unfccc.int/sites/submissionsstaging/Pages/Home.aspx>

2. Proposal for Achieving EGR in the Composition of the SCF (Alt. 2)

22 members, comprising the following:

Four members each from the five regional groups of the United Nations:

- Group of African States
- Group of Asian States
- Group of Eastern European States (EEG)
- Group of Latin American and Caribbean States (GRULAC)
- Western European and Other States Group (WEOG)

One member from the SIDS

One member from the LDCs

3. Proposal for Achieving EGR in the Composition of the SCF (Alt.3)

20 members, comprising the following:

10 members from developed country Parties

10 members from developing country Parties

- 2 members from Africa
- 2 members from Asia-Pacific
- 2 members from Latin-America and the Caribbean
- 2 members from Eastern Europe
- 1 member from LDCs
- 1 member from SIDS

We feel confident that one of these proposals should be acceptable to the Parties to operationalize EGR in the SCF composition.

Submission from Türkiye

Türkiye gladly avails itself of the opportunity to offer its submission on the second review of the functions of SCF.

Pursuant to decision 1/CP.16, paragraph 112, the SCF's main function is to assist the Conference of the Parties in exercising its functions with respect to the financial mechanism of the Convention. Furthermore, decision 1/CP.21, paragraph 63 states that the SCF will also serve the Paris Agreement in line with its functions and responsibilities established under the COP.

Decision 15/CP.27 paragraph 6 requests the secretariat prepare a technical paper on the second review of the functions of the SCF, in accordance with the terms of reference and taking into account the deliberations and conclusions of the Subsidiary Body for Implementation at its fifty eighth session.

We believe that the technical paper on the second review should clearly map SCF's existing work to its core functions and mandated activities, exploring how much of this work has actually contributed to their realization. We think an honest appraisal will provide a strong basis for the identification and prioritization of the future work that the SCF should engage in – and this is particularly important given that many Parties have actually emphasized the heavy workload of SCF.

SCF's work affects all Parties to the Convention and Paris Agreement. The technical paper should also include an assessment of how effective the SCF's current working modalities have been in ensuring the meaningful participation and representation of non-member Parties and external stakeholders, including how this has affected the quality and impact of SCF's work in successfully carrying out its core functions. The assessment should explore ways through which non-member Parties could be engaged in SCF's work. The paper should take into account the suggestions expressed by multiple Parties that non-member Party participation and representation should be facilitated, including through the support provided for in-person representation in regular SCF events. In this context, we would like to express that representation in SCF meetings and mandated events is also important for Parties that are not members of any negotiation group.

Submission from G77 and China

The Group of G77 and China welcomes the opportunity to provide written inputs to the draft text proposed by the co-facilitators on 8 June 2023, as they were verbally expressed by the group in the informal consultation.

3. The SBI acknowledged the important contribution of the SCF in assisting the COP and serving the CMA in delivering its functions, including throughout the areas of assessment for the second review as identified in the terms of reference contained in the annex to decision 15/CP.27 and affirmed by decision 15/CMA.4.
4. The SBI requested the secretariat, in preparing the technical paper on the second review, to take into account the relevant deliberations and conclusions of SBI 58 and the submissions referred to in paragraph 2 above and assess the following:
 - a. Actions taken by the SCF to address the outcomes of the first review of its functions;
 - b. How and to what extent the SCF has engaged with Party and non-Party observers and other UNFCCC constituted bodies at its meetings, Forums and outreach activities;
 - c. Geographical and gender balance among SCF members;
 - d. The workload of the SCF, including the number of new mandates during the review period and the outputs delivered to the COP and the CMA;
 - e. Whether SCF outputs fulfilled all of its four core functions and mandated activities outlined in relevant decisions, including decision 15/CP.27;
 - f. Information on attendance of members and Party observers in the SCF sessions, disaggregated between developed country parties and developing country Parties.