

CDM-EB73-A01-PROC

Procedure

Terms of reference of the CDM Executive Board Finance Committee

Version 01.0



United Nations
Framework Convention on
Climate Change

1. Purpose

1. The purpose of the Finance Committee (hereinafter referred to as the Committee) is to promote the sound financial management of the CDM (clean development mechanism) and the executive and strategic decision-making by the CDM Executive Board (hereinafter referred to as the Board) on financial issues, by:
 - (a) Advising the Board on financial management and business planning;
 - (b) Advising the secretariat on matters relating to financial management and business planning, including its related communications with the Board.

2. Roles and responsibilities

2. The roles and responsibilities of the Committee are to:
 - (a) Advise the Board on strategic issues and risks relating to the financial management and business planning of the CDM, including in relation to projected revenues, expenditures and financial risk management;
 - (b) Work with the secretariat to help ensure that the draft business and management plans that it prepares are aligned with the Board's strategic planning and priorities and facilitate the Board's planning and decision-making;
 - (c) Advise the secretariat on its monitoring and reporting of the CDM financial performance against agreed priorities and performance indicators;
 - (d) Review the implications of policy changes that may have a significant impact on budgetary resources and advise the Board accordingly;
 - (e) Regularly report to the Board regarding the Committee's work;
3. The Committee is not responsible for reviewing accounting processes, auditing the accounts, the CDM's investment policy, risk management or internal controls.

3. Membership

4. The Committee consists of four members or alternate members of the Board, with two being from Annex I Parties and two being from non-Annex I Parties. Each Committee member is appointed for a term of one year and is selected on the basis of personal qualifications and experience. If a Committee member is not able to carry out her or his functions, or ceases to be a Board member or alternate member, a new Committee member shall be appointed by the Board for the remainder of the term.

4. Co-chairs

5. The Board shall select two co-chairs of the Committee, with one being a Committee member from an Annex I Party and the other being a Committee member from a non-Annex I Party. The co-chairs are selected for a term of one year. If a co-chair is unable to carry out her or his functions, or ceases to be a Board member or alternate member, a new co-chair shall be appointed by the Board for the remainder of the term.

5. Co-operation

6. The Committee and the secretariat shall share information and work closely together to ensure the achievement of the purpose set out in these terms of reference.
7. The secretariat will give the Committee the necessary support to fulfil its purpose, roles and responsibilities, including briefings on secretariat structure, operations and processes, access to management, ability to seek explanations and additional information and documents where necessary.

6. Meetings

8. The Committee will conduct its business remotely and, as needed, through in-person meetings in conjunction with regular Board meetings.
9. The Committee will seek to operate by consensus in formulating its advice. Where a consensus is not reached, the Committee may inform the Board accordingly.

7. Review of terms of references

10. The Committee shall report to the Board each year on a review of these terms of reference and an evaluation of its performance. The first such report shall be made within six months of the Committee commencing work.

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