



Review of the functions of the Standing Committee on Finance

Technical paper by the secretariat

Summary

This technical paper provides background information on the review of the functions of the Standing Committee on Finance (SCF) based on the terms of reference for the review of the functions as annexed to decision 9/CP.22, taking into account the deliberations and conclusions of the Subsidiary Body for Implementation at its forty-sixth session and the submissions referred to in decision 9/CP.22, paragraph 3, as well as the self-assessment report of the SCF.



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I. Introduction

A. Background and mandate

1. In decision 6/CP.21, paragraph 9, the Conference of the Parties (COP) decided to initiate, at COP 22, the review of the functions of the Standing Committee on Finance (SCF) referred to in decision 6/CP.20, paragraph 23. In decision 9/CP.22, paragraph 1, the COP adopted the terms of reference for the review of the functions of the SCF as contained in the annex to that decision.

2. Furthermore, the COP invited members of the SCF, Parties, the constituted bodies under the Convention and external stakeholders to submit, by 9 March 2017, their views on the review of the SCF based on the terms of reference, for consideration by the Subsidiary Body for Implementation (SBI) at its forty-sixth session.¹ It also requested SBI 46 to initiate work on the review of the functions of the SCF in accordance with the terms of reference referred to in paragraph 1 above, taking into account the above-mentioned submissions.²

3. COP 22 requested the secretariat to prepare a technical paper on the review of the SCF, in accordance with the terms of reference referred to in paragraph 1 above, taking into account the deliberations and conclusions of SBI 46 and the submissions referred to in paragraph 2 above, for consideration by SBI 47.³

4. SBI 46 requested the secretariat, in preparing the technical paper referred to in paragraph 3 above, to take into account the deliberations and conclusions of SBI 46 and the submissions referred to in paragraph 2 above, and the self-assessment by the SCF, in accordance with the terms of reference for the review. The SBI also agreed to continue its consideration of this matter at SBI 47 with a view to recommending a draft decision on the matter for consideration and adoption at COP 23.⁴

5. In line with the mandate, the SCF initiated work on the preparation of its self-assessment report at its 15th meeting. As a first step, the SCF submitted to SBI 46 the updated and expanded overview of COP mandates to the SCF and the associated outputs delivered by the committee from 2011 to 2016.⁵ Subsequently, the SCF collected information to support its self-assessment through a survey of its members elected since 2014 and a request to the secretariat for quantitative and factual information as inputs to its deliberations. The SCF concluded the work on its self-assessment report (including recommendations to the COP), at its 16th meeting, in September 2017, which will be included in the report of the SCF to COP 23.⁶

6. Furthermore, as per its objective, the review was to take into account interrelated review processes, such as the sixth review of the Financial Mechanism.⁷ COP 20 agreed to initiate the sixth review of the Financial Mechanism at COP 22 and requested the SCF to provide expert input to the sixth review of the Financial Mechanism in 2017 with a view to the review being completed by COP 23.⁸ COP 22 adopted the updated guidelines for the sixth review of the Financial Mechanism and requested the SCF to provide expert input to the review, with a view to the review being finalized at COP 23.⁹ During its 15th meeting,

¹ Decision 9/CP.22, paragraph 3.

² Decision 9/CP.22, paragraph 4.

³ Decision 9/CP.22, paragraph 5.

⁴ FCCC/SBI/2017/7, paragraphs 68 and 69.

⁵ The submission is available at http://www4.unfccc.int/Submissions/Lists/OSPSubmissionUpload/39_304_131359396103493098-SCF%20submission%20SBI%2046.pdf.

⁶ See SCF document SCF/2017/15/11, paragraphs 26–32. Available at <http://unfccc.int/6881.php>.

⁷ Decision 9/CP.22, annex, paragraph 1(d).

⁸ Decision 9/CP.20, paragraphs 8 and 9.

⁹ Decision 12/CP.22, paragraphs 1 and 2.

the SCF initiated work on the provision of expert input and concluded work on its self-assessment report, to be included in its report to COP 23.¹⁰

B. Objective and scope of the review

7. The objective of the review, in accordance with its terms of reference, is to review the functions of the 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 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.¹¹

8. Sources of information for the review will be, inter alia, a self-assessment report of the SCF and recommendations on improving its efficiency and effectiveness, as well as this technical paper.¹²

9. SBI 46 initiated work on the review and took note of the views contained in the submissions referred to in paragraph 2 above. Furthermore, the SBI welcomed the submission provided by the SCF referred to in paragraph 5 above and noted the progress made to date by the SCF in fulfilling the mandates received.

10. Additionally, the SBI acknowledged the important contribution of the SCF in assisting the COP in exercising its functions in relation to the Financial Mechanism, particularly through the biennial assessment and overview of climate finance flows (BA), the preparation of draft guidance to the operating entities of the Financial Mechanism, and the organization of the forum (see paras. 16(a), (c) and (f) below), while recognizing the potential for improvements in the exercise of its current mandate and functions.

11. Furthermore, the SBI emphasized the need to continue to enhance all the functions of the SCF, including in the following areas:

- (a) The quality of the biennial assessments;
- (b) The dissemination and utilization of outputs and recommendations provided by the SCF, including those resulting from the forum of the SCF;
- (c) The participation of members in meetings of the SCF and working modalities of the SCF.

12. The SBI also requested the secretariat, in preparing this technical paper, to take into account the deliberations and conclusions of SBI 46 and the submissions made in response to decision 9/CP.22, paragraph 3, and the self-assessment by the SCF, in accordance with the terms of reference for the review.¹³ This paper covers the time frame of SCF work from its inception up to the end of 2016.

II. Overview and synthesis of submissions made in response to decision 9/CP.22, paragraph 3

13. In addition to the submission made by the SCF referred to in paragraph 5 above, eight submissions were received from Parties¹⁴ and one submission from a non-Party

¹⁰ For more information on the work of the SCF with respect to the sixth review of the Financial Mechanism, see SCF document SCF/2017/15/11, paragraphs 16–18, and annex I.

¹¹ Decision 9/CP.22, annex, paragraph 1.

¹² Decision 9/CP.22, annex, paragraphs 4(e) and (f).

¹³ FCCC/SBI/2017/7, paragraphs 63–68.

¹⁴ Available at

stakeholder.¹⁵ In addition, during the informal consultations on agenda sub-item 11(a) during SBI 46 on the review of the functions of the SCF, a number of Parties expressed their views orally. The informal consultations culminated in substantive conclusions on this agenda item (see paras. 9–12 above).¹⁶

14. Annex I contains a thematically clustered overview of the submissions received. A synthesis of submissions relevant to the specific subchapters can be found at the end of each subchapter of this document.

15. The submissions indicate an overall positive perception of the past work of the SCF, with many submissions highlighting many positive aspects of such work, including the BA, the forum and work related to the draft guidance to the operating entities. For example, various submissions make reference to the need for the continuation of the current practice of the BA and that the SCF should continue to prioritize its work on this.

III. Overview of current mandates and working modalities of the Standing Committee on Finance to implement them

A. Mandate of the Standing Committee on Finance

16. At COP 16, Parties decided to establish the SCF under the COP.¹⁷ COP 17 decided that the SCF shall assist the COP in exercising its functions with respect to the Financial Mechanism in terms of improving coherence and coordination in the delivery of climate change financing, rationalization of the Financial Mechanism, mobilization of financial resources, and measurement, reporting and verification (MRV) of the support provided to developing country Parties, including through activities such as the ones outlined in decision 2/CP.17, paragraph 121.

17. COP 17 also decided that the SCF shall perform any other functions that may be assigned to it by the COP.¹⁸ Since COP 18, Parties have provided further guidance to the SCF at each session of the COP under the agenda item on the report of the SCF, as well as under other agenda items. The work of the SCF has therefore encompassed many more areas of work than the main activities described in this paper, with some areas of work spanning a period of only one year, such as the work of the SCF on the arrangements between the COP and the Green Climate Fund (GCF) or the institutional linkages and relations between the Adaptation Fund and other institutions under the Convention, and others spanning a longer period, such as the work of the SCF on the issue of coherence and coordination, particularly the issue of financing for forests, taking into account different policy approaches. More information on all activities conducted by the SCF is available in its submission to SBI 46 (see para. 5 above).

18. This paper describes the main activities conducted by the SCF since its establishment with a specific focus on the activities outlined in decision 2/CP.71, paragraph 121. It outlines the current practice of the SCF with regard to those activities, as well as their evolution since their initiation by the SCF. In addition, in line with the terms of reference for the review and the relevant conclusions of SBI 46, the paper begins with a description of its overall working modalities. A synthesis of related inputs from submissions received can be found in the respective chapters, while a full compilation and synthesis of submissions is contained in annex I.

<http://www4.unfccc.int/submissions/SitePages/sessions.aspx?showOnlyCurrentCalls=1&populateData=1&expectedubmissionfrom=Parties&focalBodies=SBI>.

¹⁵ Available at <http://unfccc.int/7481.php>.

¹⁶ FCCC/SBI/2017/7, paragraphs 63–69.

¹⁷ Decision 1/CP.16, paragraph 112.

¹⁸ Decision 2/CP.17, paragraph 122.

B. Constitution and working modalities of the Standing Committee on Finance

1. Constitution of the Standing Committee on Finance

19. COP 17 adopted the composition and working modalities, deciding that the SCF is to be composed of the following:

(a) Ten members from Parties included in Annex I to the Convention (Annex I Parties);

(b) Ten members from Parties not included in Annex I to the Convention (non-Annex I Parties), including two members each from the African, the Asia-Pacific, and the Latin American and Caribbean States, one member from a small island developing State and one member from a least developed country Party.

20. The COP also decided that the SCF shall be composed of members nominated by Parties for approval by the COP, who shall have the necessary experience and skills, notably in the areas of climate change, development and finance, taking into account the need to achieve gender balance in accordance with decision 36/CP.7. Members serve for a term of two years, with the option of seeking additional terms.¹⁹

21. Subsequently, based on a recommendation by the SCF, COP 18 adopted the revised composition and working modalities of the SCF, whereby the SCF elects annually two Co-Chairs from among its members for a term of one year each, with one being a member from a non-Annex I Party and the other being a member from an Annex I Party.²⁰

22. As per the revised composition and working modalities, observers from Parties and all accredited observer organizations with the secretariat, including observers from the operating entities of the Financial Mechanism, from funding entities (multilateral, bilateral, regional and national) involved in climate finance, and from observer organizations from the private sector and civil society admitted to the Convention, may be admitted to attend SCF meetings in order to observe and participate in the proceedings.²¹

23. Furthermore, the COP also decided that the SCF shall draw upon additional expertise as it may deem necessary²² and that it may further elaborate its modalities to further facilitate its work.²³

2. Working modalities of the Standing Committee on Finance

24. As specified in the composition and working modalities, the SCF is mandated to meet a minimum of twice a year, or more if necessary. The SCF met twice in 2012 and three times a year up to 2016.²⁴ The meetings and intersessional work of the SCF are supported by the secretariat, which has been mandated to provide administrative support for the work of the SCF.²⁵

3. Organization of work

25. The SCF adopts its annual workplan at the first meeting of every year. The workplan covers the distribution of work throughout the year (including during meetings), the number of meetings, intersessional work and associated deliverables and timeline. The intersessional technical work generally consumes the greatest time and resources in order to complete the work by agreed timelines. Since 2015, the SCF members have also been discussing selected issues of strategic relevance during a closed session retreat prior to its first meeting of the year.

¹⁹ Decision 2/CP.17, annex VI, paragraphs 1–3.

²⁰ Decision 5/CP.18, paragraph 6.

²¹ FCCC/CP/2012/4, annex IV, paragraph 5.

²² Decision 2/CP.17, annex VI, paragraph 6.

²³ FCCC/CP/2012/4, paragraph 11.

²⁴ Information on all the meetings of the SCF is available at <http://unfccc.int/6881.php>.

²⁵ Decision 2/CP.17, annex VI, paragraph 9.

26. The current practice of the SCF is that the annotated agenda, prepared under the guidance of the SCF Co-Chairs, contains a tentative schedule for the entirety of the meeting that can be amended at any time. Meeting time is organized into plenary sessions and breakout group sessions, in many cases with one or two breakout group sessions running in parallel. Annex II shows the time allocated to various agenda items during SCF meetings. Over the course of 14 meetings, the SCF has allocated its meeting time, not including technical meetings, as follows:

(a) Since the first meeting of the SCF, meeting time has been split fairly evenly between plenary time and breakout group time;

(b) From the 3rd to the 14th meeting, the SCF has spent most of its meeting time on two areas of work, the BA and MRV issues, followed closely by issues related to guidance to the operating entities and review of the Financial Mechanism, followed by the forum;

(c) These areas of work have also involved the greatest amount of intersessional work and support by the secretariat, including the preparation of technical materials and organizational work in the case of the forum;

(d) Of the regular agenda items on its schedule, the least amount of time has been used for discussions on the linkages with the SBI and the constituted bodies, which has focused on more procedural aspects of such linkages;

(e) Around 10 per cent of meeting time has been dedicated to shorter-term areas of work such as those related to the Adaptation Fund and long-term finance.

4. Decision-making and work undertaken intersessionally

27. In establishing the SCF, the COP specified that the conclusions of the SCF would be reached by consensus, and that the SCF would develop modalities for the participation of observers from the operating entities of the Financial Mechanism, from funding entities involved in climate finance and from observer organizations from the private sector and civil society admitted to the Convention.²⁶

28. Unlike other constituted bodies, the SCF does not have separate rules of procedure, and so the draft rules of procedure of the COP apply *mutatis mutandis* to the SCF in accordance with rule 27.1 of the draft rules of procedure.²⁷ As per rule 27, paragraph 3, decisions of the SCF are exclusively made when there is a quorum, established when at least 11 members are present. In terms of chairing arrangements, in a few instances the SCF has agreed to a temporary replacement to allow work to continue in the absence of one of the Co-Chairs. In 2013, following a suggestion made by one member, the SCF engaged in brief discussions on a possible code of conduct for the SCF, but decided to hold this agenda item in abeyance owing to its heavy workload in relation to other issues.²⁸ The SCF has not revisited this issue since then.

29. In order to address its mandates, the SCF makes use of dedicated working groups, co-facilitated by two members of the SCF, which are established at the first meeting of the SCF in a given year in order to allow for work to continue on an intersessional basis with the support of the secretariat. The self-assessment report of the SCF will include information on the working groups established by the SCF.

30. Discussions during meetings are of a more strategic nature, whereas the majority of the technical work is undertaken between meetings. By default, decisions are taken during meetings; however, under exceptional circumstances, for example owing to limited time available or other constraints such as loss of a quorum, decisions have been taken by the SCF intersessionally. In such exceptional cases, decisions are taken by email on a non-objection basis after documents are shared with members, allowing for at least one feedback loop. In the case of an objection or request for significant changes to be made to a document, either revisions are made by the co-facilitators, which are in turn put forward for

²⁶ Decision 2/CP.17, annex VI, paragraphs 5 and 8.

²⁷ Available at <http://unfccc.int/resource/docs/cop2/02.pdf>.

²⁸ FCCC/CP/2013/8, paragraph 39.

consideration and adoption on a non-objection basis by the SCF, or discussion of the document is postponed to the next meeting of the SCF.

31. Regarding intersessional work, the SCF is regularly informed via email of the status of and progress on the implementation of all activities, and opportunities are granted for members to provide feedback on the work and outputs of the working groups. A detailed workplan and milestones for the delivery of intersessional work is prepared by the secretariat and circulated to members after each meeting of the SCF.

5. Participation and transparency

32. During plenary sessions, the floor is given to observers, usually towards the end of deliberations on an agenda item. Most interaction takes place during breakout group sessions, where observers can actively engage in discussions and directly interact with members.

33. The SCF also regularly makes use of calls for submissions to progress its work on various matters and invites inputs from other constituted bodies, such as with regard to guidance to the operating entities and the review of the Financial Mechanism. The self-assessment report of the SCF will, inter alia, identify the calls for submissions it has issued to date.

34. Furthermore, meetings of the SCF have been webcast since the 4th meeting, both plenary sessions and, in many cases, breakout group sessions, unless there was an objection by SCF members. In a few instances, members of the SCF have actively participated in meetings of the SCF via virtual means for remote participation. Observers have also actively engaged in technical meetings organized, for example, in the preparation of the BA. The self-assessment report of the SCF will include information on meeting participation, including webcast views to the extent possible.

35. At COP 20, Parties welcomed the transparency and openness with which the SCF conducts its work.²⁹

6. Synthesis of related submissions

36. A number of submissions referred to the frequency of meetings, and the need to ensure that the SCF has an adequate number of meetings per year to accomplish its work. A number of views supported having three meetings per year, ensuring that the SCF is adequately resourced to do so, while others supported having two meetings per year. Some submissions referred to budgetary considerations, for example, expressing concerns regarding budgetary constraints and highlighting the need for adequate resources.

37. Differing views were expressed with respect to working modalities of the SCF, including the participation of its members. A number of submissions reinforced the importance of elected members having the necessary skills, expertise and experience, and of them serving in an independent professional capacity. One submission noted that governance and membership should not be analysed in the context of the review given the objectives of its terms of reference. Some submissions also included suggestions to address participation challenges, the filling of vacant seats and the composition of the SCF. On the issue of working modalities, some views referred to the challenges arising from remote participation in meetings and from web-based communication, the need to improve modalities for intersessional work, and the need for sufficient opportunities for the SCF as a whole to provide feedback on work undertaken intersessionally.

38. With respect to participation and engagement with observers, external experts and non-state actors, submissions indicate a general agreement that recommendations may seek to encourage and facilitate the participation of external experts and observers with relevant expertise in the work of the SCF, noting in particular non-state actors and the private sector. One submission referred to the need to ensure inclusiveness, particularly by increasing the participation of observers from non-Annex I Parties.

²⁹ Decision 6/CP.20, paragraph 2.

IV. Description of key areas of work of the Standing Committee on Finance

A. Forums

39. In line with decision 2/CP.17, paragraph 121(a), the SCF has organized four forums since 2013. Through a series of experiences and reflections on lessons learned, the SCF has adjusted its approach and organization from year to year. Annex III provides a chronological overview of the work of the SCF on the forum. The table below summarizes the topics, dates, partnerships in organizing the forums and the reports produced by the SCF.

40. In 2012, the SCF initiated work on the forum and provided preliminary elements of the forum to COP 18.³⁰ It decided that, to enable communication and continued exchange of information among bodies and entities dealing with climate change finance, the forum would be delivered through a dual modality: in person (once per year) and virtual (on a continuous and ongoing basis).³¹ For the in-person modality, the following modalities were identified, inter alia, by the SCF:

(a) Forum meetings are to be held annually and may be held in conjunction with an SCF meeting, or alternatively back-to-back with a climate finance event relevant to the work of the committee; if held back-to-back with another event, the SCF should ensure that the other event will not dilute or overshadow the themes and objectives of the forum;

(b) Invitations are to be extended to all stakeholders of climate finance, including practitioners involved in climate finance in the field;

(c) The size of the in-person forum meeting should be large enough to ensure a diverse and representative participation of all stakeholders.

41. With regard to the virtual forum, the SCF identified, inter alia, that the term refers to an ongoing and continuous multidirectional exchange of information among participants through a web-based platform that would allow climate finance stakeholders to interact and exchange information among all climate finance stakeholders.³²

42. Since 2012, the SCF has taken various steps to improve the organization of its forum and to ensure the incorporation of lessons learned from previous forums. This refers to the modalities of the forum, for example regarding length, partnering with other events and ensuring cost-effectiveness, but also the substantive organization of the forum, for example regarding the structuring of the programme and the inclusiveness and transparency of the organization through outreach events and calls for submissions.

Description of Standing Committee on Finance forums (2013–2016), partnerships and reports

<i>Date</i>	<i>Topic title</i>	<i>Partnership</i>	<i>Report</i>
28 May 2013	Mobilizing finance and investment for climate action now	Organized as a stand-alone event in collaboration with the World Bank Institute and in conjunction with Carbon Expo	A report including a summary of the main issues raised during the discussions at the forum was produced but not endorsed as a consensus document by the Standing Committee on Finance (SCF) ^a
21 and 22 June 2014	Mobilizing adaptation finance	Organized through collaboration between the SCF and the Adaptation Committee, including a joint information note, which served as a background document	A full report and executive summary, including conclusions and the way forward, were produced by the SCF ^c

³⁰ FCCC/CP/2012/4, paragraph 5(c).

³¹ FCCC/CP/2012/4, paragraph 21.

³² FCCC/CP/2012/4, annex III, paragraphs 15–19.

<i>Date</i>	<i>Topic title</i>	<i>Partnership</i>	<i>Report</i>
		to the forum ^b	
		Organized back-to-back with the Climate Investment Funds Partnership Forum	
8 and 9 September 2015	Enhancing coherence and coordination of forest finance	Organized in collaboration with the 14 th World Forestry Congress hosted by the South African Government and in partnership with the Food and Agriculture Organization of the United Nations The SCF launched a call for submissions from interested organizations on proposals for potential partnership with the SCF on the organization of the 2015 forum ^d	The SCF, for the first time, produced recommendations from the forum, which it provided to the twenty-first session of the Conference of the Parties (COP) as part of its summary report on the forum, ^e as well as follow-up activities of the SCF in 2016 ^f
5 and 6 September 2016	Financial instruments that address the risks of loss and damage associated with the adverse effects of climate change	The SCF accepted the invitation of the Executive Committee of the Warsaw International Mechanism for Loss and Damage associated with Climate Change Impacts to dedicate the 2016 SCF forum to this topic The forum was hosted by the Asian Development Bank in collaboration with the Climate Change Commission of the Government of the Philippines, and was organized as a stand-alone event ^g	The SCF also submitted recommendations of its forum to COP 22, ^h as part of its summary report, as well as conclusions and follow-up activities of the SCF in 2017 ⁱ

^a FCCC/CP/2013/8, paragraph 20.

^b Available at http://unfccc.int/files/cooperation_and_support/financial_mechanism/standing_committee/application/pdf/publication3_v4.pdf.

^c Available at <http://unfccc.int/8138.php>.

^d FCCC/CP/2014/5, paragraphs 28 and 29.

^e FCCC/CP/2015/8, annex II, paragraph 54.

^f FCCC/CP/2015/8, annex II, paragraph 55.

^g FCCC/CP/2016/8, paragraph 25.

^h FCCC/CP/2016/8, annex III, paragraph 68.

ⁱ FCCC/CP/2016/8, annex III, paragraphs 60–67 and paragraph 69, respectively.

1. Topics of the forums

43. The topics for the forums have been arrived at differently, including through COP guidance and in one instance through an invitation by another constituted body, and through the efforts of the SCF to identify topics. The topics for the forums in 2013 and 2014 were selected by the SCF, while the topics in 2015 and 2016 resulted from guidance from the COP to the SCF. The second and the fourth forums in 2014 and 2016, respectively, were developed in cooperation with the Adaptation Committee and the Executive Committee of the Warsaw International Mechanism for Loss and Damage associated with Climate Change Impacts, respectively.

2. Reports on the forums

44. The form and substance of the reports of the SCF on its forum has evolved over time. While for the first forum, the SCF produced a report including a summary of the main issues raised during the discussions, produced but not endorsed as a consensus document by

the SCF, the second forum resulted in a full report and executive summary, including conclusions and the way forward. Since its third forum, the SCF has also included recommendations, conclusions and follow-up activities in its reports on the forum.

3. Outreach and dissemination

45. The dual modality of the forum – in person (once per year) and virtual (on a continuous and ongoing basis) – referred to in paragraph 40 above was operationalized in 2013. The virtual forum³³ is used to, for example, make available the full reports from the forums, such as was done for the second forum, on mobilizing adaptation finance.³⁴

46. The SCF has undertaken a series of outreach activities to both prepare the forums and disseminate their results,³⁵ This was the case with preparations for the 2015³⁶ and 2016³⁷ forums. The outreach done in 2015 informed the work of the SCF on coherence and coordination for forest finance. For more information, see annex III.

47. The SCF has also cooperated with other constituted bodies to organize both the second and the fourth forum. Specifically, in 2014, the SCF collaborated with the Adaptation Committee in the organization of the forum and produced a joint information note, which served as a background document to the forum.³⁸ The SCF initiated its preparation for the 2016 forum and accepted the invitation of the Executive Committee of the Warsaw International Mechanism to dedicate the 2016 SCF forum to financial instruments that address the risks of loss and damage associated with the adverse effects of climate change. It agreed on a set of activities to be undertaken intersessionally, including the preparation of an outreach strategy for the forum, which would include mapping of the relevant stakeholders, as well as a screening of possible events and organizations to partner with in the organization of the forum.³⁹

4. Synthesis of related submissions

48. A number of views expressed through the submissions, as well as through the SBI 46 conclusions (see para. 11 above), pertain to enhancing the effectiveness of the forums in advancing specific climate finance topics, including by anchoring the topics in the SCF workplan, addressing the question of ownership of the forum outputs without overburdening the SCF, producing outputs and recommendations to be taken into consideration by the SCF when developing recommendations, strengthening engagement with other bodies, and producing recommendations oriented towards specific actions to be taken by other relevant bodies. One submission questioned whether the frequency of the forums should be re-examined. Another submission noted the efficiency of holding the forums back-to-back with other events or in cooperation with relevant institutions in order to increase the number of participants and to enrich the discussions. In terms of topics for the forums, one submission noted that the process of selecting a topic and design of the forum by the SCF and the COP was time-consuming and therefore inefficient, another noted that the forums could be expanded to reflect the diverse and specific needs of developing countries, and yet another indicated that the forums should be clearly defined one-off events aimed at moving specific climate finance related issues forward.

B. Maintaining linkages with the Subsidiary Body for Implementation and the constituted bodies

49. In line with decision 2/CP.17, paragraph 121(b), the SCF maintains linkages with the SBI and the constituted bodies under the Convention. As per its current practice, the

³³ FCCC/CP/2012/4, annex III, paragraphs 15–19.

³⁴ FCCC/CP/2014/5, paragraph 27, and annex IV.

³⁵ SCF document SCF/2014/8/9, paragraph 13.

³⁶ See document FCCC/CP/2015/8, paragraphs 14 and 15.

³⁷ See document FCCC/CP/2016/8, paragraph 26.

³⁸ Available at http://unfccc.int/files/cooperation_and_support/financial_mechanism/standing_committee/application/pdf/publication3_v4.pdf.

³⁹ FCCC/CP/2015/8, paragraphs 17 and 18, and annex III.

secretariat prepares a document for the first meeting of the year, which outlines ongoing work of the constituted bodies for a given year, and identifies possible areas of collaboration.⁴⁰ The SCF uses this during meetings as a basis to agree on its overall approach to maintaining linkages with the constituted bodies under the Convention, which includes the nomination of focal points for each of the constituted bodies, who take the lead in liaising with the respective body that year. The SCF then shares its annual workplan with the constituted bodies, highlighting specific areas of work of the SCF which could be of particular interest for cooperation between the respective body and the SCF. Regarding the representation in, and inputs provided to, other bodies, the SCF draws on existing SCF work and related outputs. SCF members represent the SCF in meetings of other constituted bodies in their personal expert capacity, and report back to the SCF on their attendance at those meetings. Presentations to be delivered or inputs to be provided by members in this context are shared with the SCF ahead of the respective meeting or date for submission on a no-objection basis.⁴¹

50. Since 2013, the SCF has participated in meetings and work of other constituted bodies and reports on such engagement in its annual reports to the COP. The nature of such engagement includes, for example:

(a) The provision of SCF inputs upon invitation, for example in the form of submissions in response to calls for submission;⁴²

(b) The nomination of members in response to specific mandates such as regarding the membership of the Executive Committee of the Warsaw International Mechanism;⁴³

(c) The nomination of members to the Advisory Board of the Climate Technology Centre and Network;⁴⁴

(d) The nomination of SCF focal points to the task force on national adaptation plans of the Adaptation Committee,⁴⁵ and the COP mandated work by the Adaptation Committee and the Least Developed Countries Expert Group to develop methodologies, in collaboration with the SCF and other relevant institutions, and make recommendations on: (1) taking the necessary steps to facilitate the mobilization of support for adaptation in developing countries in the context of the limit to global average temperature increase referred to in Article 2 of the Paris Agreement; and (2) reviewing the adequacy and effectiveness of adaptation and support referred to in Article 7, paragraph 14(c), of the Paris Agreement;⁴⁶

(e) The SCF, through its focal points on work related to the Financial Mechanism, engages closely with the Adaptation Committee and the Technology Executive Committee (TEC) on the issue of draft guidance to the operating entities as well as the expert inputs to the review of the Financial Mechanism (see chapter IV.D below).

51. Overall, the SCF has striven to improve its engagement with other bodies and to develop an approach to the maintenance of linkages. For example, in 2013, the SCF agreed to substantially address the strengthening of linkages with the SBI and constituted bodies of the Convention in 2014, and the SCF Co-Chairs proposed to convene a meeting of the chairs, co-chairs and vice-chairs of the respective bodies early in 2014 in order to identify potential linkages and synergies, including in the light of potential additional mandates provided by COP 19.⁴⁷ In 2015, members of the SCF proposed that information on the respective workplans of the constituted bodies should be shared among the bodies to improve collaboration among them and identify possible synergies or overlap as well as matters of interest to the SCF being deliberated by the other bodies. The SCF agreed that a

⁴⁰ See for example SCF document SCF/2017/15/8.

⁴¹ See for example document FCCC/CP/2016/8, paragraphs 46 and 47.

⁴² See for example document FCCC/CP/2016/8, paragraph 50.

⁴³ Decision 2/CP.19, paragraph 4.

⁴⁴ Decision 25/CP.19, annex II, paragraph 3(e).

⁴⁵ Decision 16/CP.19, paragraph 1.

⁴⁶ Decision 1/CP.21, paragraph 45.

⁴⁷ FCCC/CP/2013/8, paragraph 38.

case-by-case approach should be taken with the support of the secretariat in, for example, identifying relevant agenda items and preparing presentations for which SCF inputs may be needed when SCF members attend meetings and workshops of other bodies either in person or virtually.⁴⁸ In 2016, the SCF for the first time provided to the COP detailed information on its overall approach to maintaining linkages with the constituted bodies.⁴⁹

Synthesis of related submissions

52. Some submissions included views on improving the linkages of the SCF with the other constituted bodies, such as the need for the SCF to: clearly communicate its work and identify areas for collaboration with other bodies; analyse and review possible duplication and overlap of work undertaken by other bodies with a view to improving its overall efficiency; and consider new bodies established under the Convention, such as the Paris Committee on Capacity-building.

C. Recommendations on how to improve the coherence, effectiveness and efficiency of the operating entities of the Financial Mechanism

53. In line with decision 2/CP.17, paragraph 121(d), the SCF is to make recommendations on how to improve the coherence, effectiveness and efficiency of the operating entities of the Financial Mechanism. The description of SCF work related to the provision of draft guidance to the operating entities of the Financial Mechanism, as well as the periodic reviews of the Financial Mechanism, are included in the next two subchapters.

D. Draft guidance for the operating entities of the Financial Mechanism

54. In line with its mandate as per decision 2/CP.17, paragraph 121(c), the SCF provides the COP with draft guidance for the operating entities of the Financial Mechanism with a view to improving the consistency and practicality of such guidance, taking into account the annual reports of the operating entities as well as submissions from Parties.

1. Draft guidance to the operating entities of the Financial Mechanism

55. The SCF began working on draft guidance in 2013 and since 2015 has recommended in its annual report to the COP draft decisions containing guidance to the operating entities. In turn, the draft decisions prepared by the SCF have served as basis for the negotiations on guidance to the operating entities during COP 21 and COP 22.

56. The SCF has made significant efforts to enhance its process and methodology for preparing draft guidance since it began to work on this activity in 2013, evolving from a pure compilation of submissions from exclusively SCF members to the development of actual draft decisions, and ensuring the involvement of and engagement with the Adaptation Committee and the TEC in the development of draft guidance, providing more clarity and concrete assistance to those bodies and in the processing and incorporation of the inputs received. This also included scheduling considerations regarding its last meeting of the year to ensure that the reports of the operating entities would be available, the increased engagement with representatives of the operating entities and additional work such as the compilation and analysis of past guidance (see paras. 61–64 below), which has also contributed to improving its work on the draft guidance. Annex III contains a chronological overview of the work of the SCF on this matter since 2013.

(a) Process for developing draft guidance

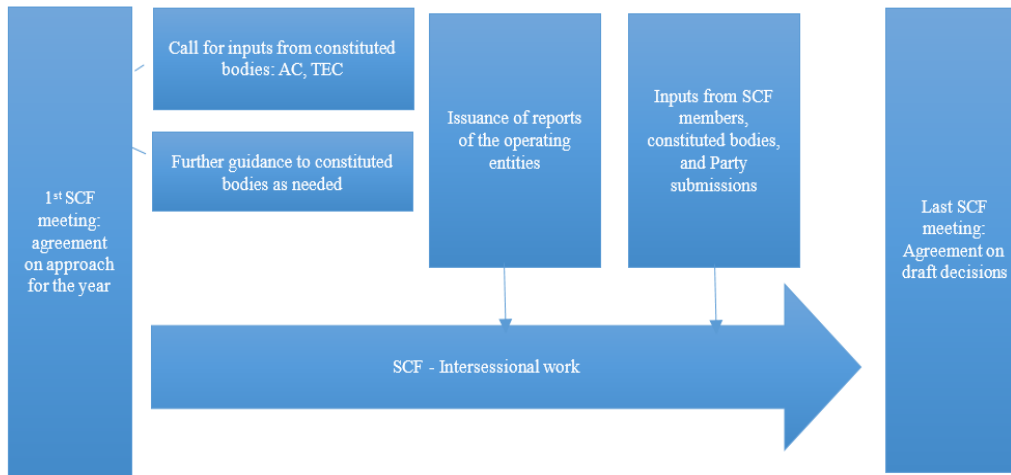
57. The figure below illustrates the steps currently taken by the SCF to prepare draft guidance to the operating entities. Overall, the SCF agrees during its first meeting of the year on its approach to the preparation of draft guidance. In line with this agreement, the SCF invites and receives inputs from the Adaptation Committee, the TEC and SCF

⁴⁸ FCCC/CP/2015/8, paragraph 42.

⁴⁹ FCCC/CP/2016/8, paragraph 47.

members, which are prepared on the basis of the annual report of the operating entities to the COP. During its last meeting of the year, the SCF prepares draft guidance to the operating entities, based on these inputs as well as submissions from Parties.

Current practice of the Standing Committee on Finance with regard to the preparation of draft guidance to the operating entities of the Financial Mechanism



Abbreviations: AC = Adaptation Committee, SCF = Standing Committee on Finance, TEC = Technology Executive Committee.

(b) Improving the consistency and practicality of guidance

58. In 2014, the SCF recognized the need to improve the process of developing draft guidance. This work resulted in the endorsement by COP 20 of the recommendations by the SCF regarding the improvement of the consistency and practicality of providing draft guidance as follows:⁵⁰

(a) Conduct an analysis of past guidance provided in order to identify a set of core guidance to serve as basis for the provision of future guidance in order to reduce redundancies, incoherence and inconsistencies within the guidance provided to the operating entities;

(b) Increase collaboration between the SCF and the constituted bodies of the Convention in the provision of draft guidance to the operating entities;

(c) Consider the issue of complementarity between the operating entities and the funds they administer when the GCF is operationalized.⁵¹

59. Furthermore, COP 20 requested the SCF to provide advice on the issue of the frequency of guidance to the Financial Mechanism, which had been one of the areas the SCF identified in terms of options for the improvement of future draft guidance to the operating entities of the Financial Mechanism.⁵²

60. In the context of the fifth review of the Financial Mechanism and the expert inputs prepared by the SCF (see chapter IV.E below), a few issues were noted that made it difficult for the operating entities of the Financial Mechanism to operationalize guidance received. These included:

(a) Cumulative and repetitive nature of the guidance;

(b) Ambiguities in the language of the guidance;

⁵⁰ Decision 6/CP.20, paragraph 19.

⁵¹ FCCC/CP/2014/5, paragraph 10.

⁵² See, for example, the revised initial paper on improving the draft guidance to the operating entities of the Financial Mechanism. Available at [http://unfccc.int/files/cooperation_and_support/financial_mechanism/standing_committee/application/pdf/revised_initial_paper_on_improving_draft_guidance_to_oes_\(2\).pdf](http://unfccc.int/files/cooperation_and_support/financial_mechanism/standing_committee/application/pdf/revised_initial_paper_on_improving_draft_guidance_to_oes_(2).pdf).

- (c) Challenges in prioritization;
- (d) Timing of the guidance in relation to the policy and project cycle of the operating entities;
- (e) Lack of coordination with the operating entities about forthcoming guidance.

61. To address some of these issues, the SCF has engaged with the secretariats of the operating entities who attend and actively engage in the meetings of the SCF, particularly through the breakout group sessions where discussions contribute to clarifying specific issues and making the draft guidance more practical. Further, the secretariats of the operating entities also attend the meetings of the Adaptation Committee and the TEC, where they are also available to provide clarifications when guidance is discussed.

62. Likewise, representatives of the SCF, in addition to a written letter providing guidance, attend a meeting of the Adaptation Committee and the TEC, either in person or virtually, to provide clarifications on the nature of guidance. To this end, in order to enhance the consistency and practicality of guidance, the SCF in 2015 and 2016 communicated to the Adaptation Committee and the TEC additional criteria that would be used by the SCF in assessing draft guidance received. The SCF specified that guidance inputs would be reviewed against the following criteria: they should be in line with the mandates of the operating entities of the Financial Mechanism; they should be ongoing and currently being undertaken by the operating entities of the Financial Mechanism; they should not be contradictory to previous guidance given to the operating entities of the Financial Mechanism; and they should not be duplicative of previous guidance. This also builds on the practice of the SCF since 2013 to make use of agreed templates in order to solicit inputs.

63. The SCF has also sought to draw from the insights from its forums in the preparation of draft guidance. In 2014, the SCF also discussed and included inputs received from the working group on the 2015 forum on enhancing coherence and coordination of forest financing. In some cases, owing to the timing of meetings of the GCF and the Global Environment Facility (GEF), as well as pending issues under negotiations in other areas not related to finance, the SCF has left placeholders for inputs from those forums. For instance, in 2015 and 2016, the bracketed draft decisions contained various placeholders for, for example, possible outcomes of discussions under deliberation in other agenda items at COP 21 and COP 22.

(c) Analysis of past guidance: compilation and analysis of past guidance

64. As follow-up to its recommendations to COP 20, the SCF has been working on a compilation and analysis of past guidance, and has shared these through its website as well as provided them to the constituted bodies, inviting them to make use of them in order to avoid duplicative or repetitive guidance in the preparation of its inputs.

65. In 2015, the SCF prepared two compendiums, one for the GEF and one for the GCF, containing all the guidance provided to the two operating entities, as well as an overview of past guidance provided in terms of thematic distribution, and provided them to COP 21.⁵³ The two documents outlined the following items relating to the past guidance: (1) information provided by the operating entity in response to the guidance provided, if available; (2) information on the suggested status of the guidance; and (3) information on which category the guidance falls into in terms of policy, programme priority, eligibility criteria and other aspects. In 2016, the SCF continued its work on the compilation and analysis of past guidance including, the thematic categorization of past guidance provided, and recommended to COP 22 that the COP invite the GEF and the GCF to collaborate with the SCF to update the compilation and analysis. Additionally, it recommended that the revised compilation and analysis be consulted by the constituted bodies and Parties when developing their inputs to draft guidance to the operating entities, as a way of reducing repetitiveness and enhancing coherence in the guidance. Furthermore, it agreed to annually update the compilation and analysis and to invite SCF members, observer organizations, including the GEF and the GCF, and the constituted bodies to provide input to and

⁵³ FCCC/CP/2015/8, paragraph 27.

feedback on the compilation and analysis, with a view to undertaking further work in 2017 to further improve the compilation and analysis, and with a view to preparing recommendations on a draft set of core guidance to be provided to COP 23.⁵⁴

(d) Recommendations on the frequency of guidance

66. During its 9th meeting, the SCF agreed that the compilation and analysis of past guidance, as well as the identification of a draft set of core guidance, will form the basis for consideration of the issues of improving the consistency and practicality of guidance, complementarity between the operating entities and the funds they administer, and the frequency of guidance provided to the Financial Mechanism.⁵⁵ In line with this, it initiated its consideration of the issue of frequency of guidance in 2015.

67. In 2015, the SCF informed the COP about the options identified by the co-facilitators of the working group on the issue of the draft guidance to the operating entities, including the legal and practical implications identified for each of the options; however, the SCF did not reach an agreement on any of the options identified because of diverging views expressed by its members on them. Therefore, it recommended to COP 21 that it would undertake further work on this matter in 2016.⁵⁶

68. In 2016, the SCF recommended to COP 22 that guidance to the GCF should continue to be provided on an annual basis in the light of the early stage of operationalization of the GCF and in order to provide guidance that is most responsive to any new developments under the Convention and the GCF. Furthermore, it agreed to continue to develop its recommendation on the frequency of guidance to the GEF alongside its work to prepare technical input to the sixth review of the Financial Mechanism.⁵⁷

2. Synthesis of related submissions

69. Views expressed in submissions include a call to further improve the process and strategic nature of the draft guidance prepared by the SCF, including by adjusting the approach to processing and assessing the inputs received from other constituted bodies and making effective use of intersessional work. The view was also expressed that the SCF should move towards providing core guidance for multiple years and reach a conclusion on the appropriate frequency of guidance.

E. Expert input into the preparation and conduct of the periodic reviews of the Financial Mechanism

70. Before the establishment of the SCF, the SBI undertook the periodic reviews of the Financial Mechanism. In 2012, during its 2nd meeting, the SCF initiated work on the issue of expert input into the preparation and conduct of the periodic reviews of the Financial Mechanism, in line with its mandate contained in decision 2/CP.17, paragraph 121(e).⁵⁸ The SCF provided various recommendations to COP 18, including that SBI 37 would initiate the review of the Financial Mechanism in accordance with the guidelines annexed to decisions 3/CP.4 and 6/CP.13, that the SCF may develop additional guidelines, that it would coordinate the fifth review based on the guidelines and prepare a report for consideration by COP 20 and that it would provide periodic informational updates to the SBI.⁵⁹

71. In 2013, in relation to the mandate of the SCF to further amend the guidelines for the review of the Financial Mechanism, the SCF submitted to COP 19 the outcome of its discussions on the draft updated guidelines for the fifth review of the Financial Mechanism in the form of proposed elements of the updated guidelines. These were developed at its 4th

⁵⁴ FCCC/CP/2016/8, paragraphs 37–39.

⁵⁵ SCF document SCF/2015/9/10, paragraph 19.

⁵⁶ FCCC/CP/2015/8, paragraphs 24–26.

⁵⁷ FCCC/CP/2016/8, paragraph 36.

⁵⁸ SCF document SC/2012/2/7, paragraphs 37–39.

⁵⁹ FCCC/CP/2012/4, paragraph 8.

and 5th meetings and intersessional work conducted thereafter. Members were invited to provide inputs to the development of the draft updated guidelines. Taking into account these inputs, as well as submissions received from Parties, the SCF came to a common understanding on most of the elements to be included in the draft updated guidelines. At SBI 38, the SCF held an information event in order to inform Parties about the status of its work on the matter, and indicated to COP 19 that it would provide a periodic update on the status of its work to SBI 39. Furthermore, members agreed that the SCF stood ready to support the conduct of the fifth review of the Financial Mechanism.⁶⁰

72. In 2014, the SCF agreed to submit to the COP the executive summary of its technical paper on the fifth review of the Financial Mechanism, including conclusions and recommendations, as its expert input. The technical paper, prepared on the basis of an agreed outline, was made available online by the SCF.⁶¹ The first draft of the technical paper was discussed during the 7th meeting, with representatives of the operating entities actively engaging with the SCF in order to revise and improve the content of the technical paper. Members and the operating entities were also invited to provide comments on the first draft intersessionally. An updated draft of the technical paper was discussed during the 8th meeting, with the SCF agreeing on the executive summary. The technical paper was finalized intersessionally. The SCF also provided an update on the status of its work to SBI 40 and held a side event to update Parties and all relevant stakeholders on its work related to the fifth review of the Financial Mechanism.⁶² In decision 9/CP.20, paragraph 2, the COP encouraged the SCF to build on the same methodology and criteria in future reviews of the Financial Mechanism.

73. Since the engagement of the SCF in the periodic reviews of the Financial Mechanism, the SBI no longer has an active role in the conduct of the review; relevant technical work is conducted by the SCF in line with the respective COP mandates. The encouragement by COP 20 to the SCF to build on the same methodology and criteria signifies that Parties are appreciative of the approach taken by the SCF, which has made an effort to ensure the transparency of its work, for example through the organization of an information event and by actively engaging relevant stakeholders, particularly representatives of the operating entities.

Synthesis of related submissions

74. One view expressed in the submissions suggests that the review should assess whether the present functions and prioritization of tasks of the SCF could or should be enhanced with regard to its work on the periodic reviews of the Financial Mechanism. In addition, one comment notes that the SCF could utilize this work to provide technical inputs to the replenishment discussions by the operating entities, and another suggests that the review of the Financial Mechanism could assess how the Financial Mechanism has addressed the needs of small island developing States in terms of relative access and delivery of support.

F. Biennial assessment and overview of climate finance flows

75. Overall, as can be seen below, the SCF has striven to improve its work on the BA, ensuring that experiences and findings from the first BA would enrich the preparation of the second BA, including through increased collaboration with external contributors. The additional work of the SCF on the broader issue of MRV of support beyond the BA has also advanced considerably since the initiation of work of the SCF on this matter, while the SCF has ensured synergies with its work on the BA, as well as with related ongoing work of other bodies.

⁶⁰ FCCC/CP/2013/8, paragraphs 26–28, and annex IV.

⁶¹ http://unfccc.int/files/cooperation_and_support/financial_mechanism/standing_committee/application/pdf/technical_paper_fifth_review_of_the_financial_mechanism_18112014_final.pdf.

⁶² FCCC/CP/2014/5, paragraphs 7, 23 and 24, and annex III.

1. Biennial assessment and overview of climate finance flows

76. Since its establishment and in line with its mandate contained in decision 2/CP.17, paragraph 121(f), the SCF has prepared two BAs, the first having been provided to COP 20 in 2014 and the second to COP 22 in 2016. The 2014 BA comprised a summary and recommendations and a technical report, with the summary and recommendations having been prepared by the SCF, and the technical report having been prepared by experts under the guidance of the SCF, drawing on data and statistics from various sources.⁶³ The 2016 BA likewise comprised a summary and recommendations prepared by the SCF and a technical report prepared by experts under the guidance of the SCF, drawing on information and data from a range of sources. The technical report benefited from input provided by stakeholders and fact-checking by data providers, but remains a product of the external experts.⁶⁴ The SCF also developed web pages that contain all relevant information and provide an overview of its findings, as well as procedural aspects regarding the conduct of the BAs.⁶⁵

77. The SCF initiated work on the BA in 2013 and provided COP 19 with the draft workplan for the first BA, to be delivered to COP 20. The SCF discussed this issue at its 4th meeting, where members and external stakeholders were invited to provide inputs, as well as during the 5th meeting, with representatives of relevant organizations, such as the OECD, including its Development Co-operation Directorate and Research Collaborative on tracking private climate finance, the European Bank for Reconstruction and Development with regard to the multilateral development banks' initiative on tracking climate finance, and the Overseas Development Institute, having been invited to present their relevant work. On the basis of these discussions, as well as the inputs received from members and external stakeholders, the SCF developed the objective and scope of, and a timeline for, the first BA.⁶⁶

78. In 2014, the SCF submitted to the COP for its consideration the summary and recommendations by the SCF on the 2014 BA, including information on the mandate, challenges and limitations, key findings and recommendations by the SCF to the COP.⁶⁷ The full report on the 2014 BA was published on the SCF website for reference information.⁶⁸ The work conducted by the SCF in this regard was in line with the COP 18 request to the SCF, in preparing its 2014 BA, to consider ways of strengthening methodologies for reporting climate finance, to take into account relevant work by other bodies and entities on MRV of support and the tracking of climate finance, as well as to consider ongoing technical work on operational definitions of climate finance, including private finance mobilized by public interventions, to assess how adaptation and mitigation needs can most effectively be met by climate finance, and to include the results in its annual report to COP 21.⁶⁹

79. The SCF conducted work on its first BA in two stages, with the first one including literature review, data gathering and drafting, and the second including reviewing and guidance by the SCF, as well as fact-checking by data providers. Collaboration with external contributors was an essential part of the work, particularly in the first stage. Furthermore, the SCF organized two technical meetings in conjunction with its 6th and the 7th meetings, involving interested stakeholders and various external contributors, as well as a side event on the sidelines of the fortieth sessions of the subsidiary bodies to update Parties and observer organizations on the progress made.⁷⁰ In its work, the SCF also took into consideration the submissions from developed country Parties containing information

⁶³ FCCC/CP/2014/5, annex II, paragraph 2.

⁶⁴ FCCC/CP/2016/8, annex II, paragraph 4.

⁶⁵ <http://unfccc.int/8034.php>.

⁶⁶ FCCC/CP/2013/8, paragraphs 5(c) and 35, and annex VII.

⁶⁷ FCCC/CP/2014/5, paragraph 6, and annex II, particularly paragraphs 18–20 containing the recommendations.

⁶⁸ FCCC/CP/2014/5, paragraph 21. The report is available at http://unfccc.int/files/cooperation_and_support/financial_mechanism/standing_committee/application/pdf/2014_biennial_assessment_and_overview_of_climate_finance_flows_report_web.pdf.

⁶⁹ FCCC/CP/2014/5, paragraph 18.

⁷⁰ FCCC/CP/2014/5, paragraph 19.

on the appropriate methodologies and systems used to measure and track climate finance.⁷¹ Additionally, the SCF invited inputs from interested stakeholders to support its work on the BA in general, as well as on the objective, scope and proposed outline of the BA in particular, and ensured continued interaction with external contributors, who provided data and information on climate finance flows.⁷²

80. In 2015, the SCF initiated work for the second BA and submitted to COP 20 the outline of the 2016 BA, including an indicative timeline.⁷³ During the 10th meeting, a number of positive aspects of the 2014 BA were identified, including the onion diagram, which may be used as a template for organizing and presenting estimates on climate finance flows in order to facilitate the comparison of data over time as well as for the analysis of trends in subflows, and the process of preparing the first BA, which started a conversation on climate finance among the broader climate finance community. Furthermore, various aspects were identified that could be further worked on and improved in the 2016 BA, including substantive issues, such as the need for clear presentation of information on the ranges and uncertainty of estimates in the onion diagram, the need to strengthen the perspective of recipient countries, the need to take stock of progress in implementing the recommendations and to compile information on the state of play with regard to harmonization of reporting approaches and convergence on operational definitions of climate finance, including consideration of the ongoing technical work on methods for estimating private finance mobilized from public interventions, and the need for more specific recommendations that would benefit the process. Structural and procedural aspects were also identified, such as the need to strengthen the collaboration with data producers and aggregators and continued fact-checking by data providers.⁷⁴

81. In 2016, the SCF worked on the BA during its 12th, 13th and 14th meetings and two informal technical meetings organized in conjunction with the 12th and the 13th meetings, as well as intersessionally. The preparation involved metadata and information gathering from a range of sources. The SCF provided guidance on the content of the report, including the scope of the work and issues that need to be highlighted. In addition to the thorough review by the SCF of the report, two webinars were also conducted to exchange views on the key messages. The work combined literature review and data collection with virtual and informal technical meetings. External contributors provided inputs to the preparation process and included international financial institutions and other organizations that produce and aggregate data on climate finance flows. In this context, continued interaction with external contributors was an important part of the work on the BA, including during literature review and fact-checking processes. The SCF provided to COP 22 recommendations⁷⁵ that were developed based on the key findings contained in the document. Furthermore, the SCF noted the need to strengthen the capacity of the secretariat to compile, manage and analyse available information on climate change and finance, in partnership with expert and international organizations in a sustained manner, in the light of the ongoing work with the BAs and expanded scope of enquiries into climate finance.⁷⁶

2. Measurement, reporting and verification beyond the biennial assessment and overview of climate finance flows

82. In accordance with decision 1/CP.16, the SCF shall assist the COP in exercising its functions with respect to the Financial Mechanism, inter alia, in terms of MRV of support provided to developing country Parties. In 2013, the SCF had called for submissions from interested stakeholders on elements to be taken into account for the development of a work programme on MRV of support. COP 19 requested the SCF to consider ways to increase its

⁷¹ As per decision 5/CP.18, paragraph 10. Submissions received are available at <http://www4.unfccc.int/submissions/SitePages/sessions.aspx?showOnlyCurrentCalls=1&populateData=1&expectedsubmissionfrom=Parties&focalBodies=COP&years=2016>.

⁷² FCCC/CP/2014/5, paragraph 20.

⁷³ FCCC/CP/2015/8, paragraphs 5(c) and 32, and annex VIII.

⁷⁴ SCF document SCF/2015/10/13, paragraphs 35–38.

⁷⁵ Included in the summary and recommendations by the SCF on the 2016 BA (FCCC/CP/2016/8, annex II).

⁷⁶ FCCC/CP/2016/8, paragraphs 4(a), 5(c) and 14–18, and annex II.

work on MRV of support beyond the BA in accordance with its workplan for 2014–2015 and its mandates. In 2014, the SCF decided that work on the BA should be prioritized in 2014. During its 8th meeting, various organizations were invited to provide short presentations on their work regarding the issue of MRV of support. Members acknowledged that substantial progress had been made on issues related to MRV of support since COP 16 and noted the various ongoing processes under the Convention, as well as the information provided to the SCF and the COP by Parties and external stakeholders. Based on its deliberations on this matter, the SCF agreed to submit to COP 20 a list and timelines of ongoing activities related to MRV of support under the Convention.⁷⁷ Also in 2014, members discussed possible activities that could be taken forward under the framework of the 2015 workplan of the SCF, with an elaborated workplan on MRV of support to be developed in 2015 based also on the decisions taken during COP 20.⁷⁸

83. COP 20 requested the SCF, in the context of its ongoing work, including the preparation of the BA, to further explore how it can enhance its work on the MRV of support, as well as to include its recommendations on the methodologies for the reporting of financial information in its annual report to the COP. In response, the SCF, in 2015, developed a set of near- and longer-term recommendations to improve the methodologies for the reporting of financial information by Annex I Parties.⁷⁹ Furthermore, the SCF agreed to increase work on the MRV of support, and undertook technical work in 2015 with a view to identifying gaps and areas for improvement in the current arrangements on MRV of support. The SCF further developed a two-year workplan to enable improved MRV of support under the Convention and submitted to COP 21 its workplan on MRV of support beyond the BA.⁸⁰

84. COP 21 requested the SCF, in implementing its workplan on the MRV of support beyond the BA, to continue to engage with relevant bodies under the Convention, multilateral and bilateral agencies, and international institutions, as well as to take into account the work on the methodologies for the reporting of financial information by Annex I Parties in the context of its workplan on the MRV of support. In response, in 2016, the SCF addressed issues relevant to the MRV of support beyond the BA in the context of the preparation of the 2016 BA, and indicated to COP 22 that it would continue to undertake work on this matter on the basis of its 2016–2017 workplan on the MRV of support beyond the BA, including considerations related to measurement and verification, taking into account the recommendations emanating from the 2016 BA, as well as relevant decisions to be taken at COP 22.⁸¹

3. Synthesis of related submissions

85. Regarding the scope of the BA, views were expressed that it should be broadened to include, to the extent possible, all financial flows in a dynamic manner in order to assess progress in the context of Article 2, paragraph 1(c), of the Paris Agreement, and in the context of the financial mobilization and support to developing countries pursuant to Articles 9 and 13 of the Paris Agreement, including with a view to providing an overview of all flows and as an input to the global stocktake. Regarding definitions and common parameters, data and methodological issues, views indicated the need for the SCF to continue its work on an operational definition and common parameters of climate finance, including private finance mobilized by public interventions and with a view to assessing how adaptation and mitigation needs can most effectively be met by climate finance. Views also referred to the need for the SCF to improve the quality, accuracy, disaggregation and granularity of data, including with regard to the effectiveness and impacts of climate finance. One view referred to the need to improve methodologies for measuring private finance. Regarding MRV of support beyond the BA, one view indicated that the SCF should be more involved in this subject, without prejudice to the work of other bodies, and

⁷⁷ FCCC/CP/2014/5, paragraph 5(d), and annex VII.

⁷⁸ FCCC/CP/2014/5, paragraph 36.

⁷⁹ FCCC/CP/2015/8, paragraphs 4(c), 28 and 29, and annex VI.

⁸⁰ FCCC/CP/2015/8, paragraphs 5(d) and 30, and annex VII.

⁸¹ FCCC/CP/2016/8, paragraphs 5(c) and 20–23.

another view referred to the need for the SCF to have a more concrete plan for work on this matter, including with a view to improving data on recipients of climate finance.

86. A number of Parties also addressed linkages with work related to the ongoing MRV of support and the development of the transparency framework, expressing the view that the work of the SCF will be important inputs to the work of the Subsidiary Body for Scientific and Technological Advice and the Ad Hoc Working Group on the Paris Agreement. Particularly the BA, but also the work of the SCF under its 2016–2017 workplan on MRV of support beyond the BA, was referred to in various submissions as an important reference and input in this context. Some submissions included views on the engagement of the SCF in the ongoing work. A full synthesis of the submissions can be found in annex I.

V. Engagement by the Standing Committee on Finance with relevant stakeholders

87. Several of the activity-based mandates⁸² provided to the SCF so far refer to the issue of maintenance of linkages with the constituted bodies, as well as relations with other relevant stakeholders. On the former, information on the approach taken by the SCF is outlined in chapter III above. Information on participation by SCF members in meetings of the other bodies will be provided by the SCF as part of its self-assessment report.

88. With regard to relations with external stakeholders, current practice of the SCF is that the secretariat, for the first meeting in a given year, prepares an updated draft approach to outreach and communications with a view to facilitating the technical work and the overall outreach and communications of the SCF with stakeholders involved in climate finance within and outside the Convention.⁸³ This draft approach outlines areas for outreach and collaboration per respective activity and task of the SCF in a given year, which the SCF considers during its first meeting of the year. Work on the actual implementation of the activity-based approach is then taken forward throughout the year and approached as a living document. The SCF has taken this approach since 2014, inviting members to provide comments on a draft communication strategy presented to the SCF at its 6th meeting.⁸⁴

89. At its 7th meeting, the revised draft strategy was discussed, with members highlighting issues around expectation management regarding the overall SCF workload and awareness-raising regarding the capacity of the SCF. It was suggested that the communication strategy should be updated on an annual basis and adopted by the SCF at the first meeting of the year, that it should be seen as a living document and that the SCF should continue to improve it over time.⁸⁵ Since 2014, the SCF has included the continuous updating and implementation of the SCF communication strategy in its workplan which it includes in its annual report to the COP.

90. In addition to the communication strategy, the SCF has organized side events during the May/June sessions of the subsidiary bodies for the past few years in order to provide an update on the implementation of its workplan to interested stakeholders. Information on all side events organized so far will be provided by the SCF as part of its self-assessment report. Additionally, the SCF has issued a number of calls for submissions from interested

⁸² Such as: (1) decision 2/CP.17, paragraph 121(a) and decision 1/CP.18, paragraph 70, on the forum in general and decision 6/CP.20, paragraph 17, on engagement with all relevant actors working on forests in the preparation of the 2015 forum in particular; (2) decision 1/CP.18, paragraph 71, on the BA, decision 6/CP.21, paragraph 4, on the implementation of the workplan on MRV of support beyond the BA, particularly regarding the engagement with relevant bodies under the Convention, multilateral and bilateral agencies, and international institutions, and decision 8/CP.22, paragraph 5, on the fulfilling of its function on MRV of support; (3) decision 7/CP.19, paragraph 10, on the linkages with the SBI and the constituted bodies; and (4) decisions 6/CP.20, paragraph 5, and 6/CP.21, paragraph 2, regarding the strengthening of engagement with all relevant stakeholders and bodies of the Convention.

⁸³ See for example SCF document SCF/2016/12/9, annex III.

⁸⁴ See SCF document SCF/2014/6/11, paragraphs 66–70.

⁸⁵ See SCF document SCF/2014/7/9, paragraphs 7–11.

stakeholders in order to support its work on various matters by soliciting relevant inputs. Information on calls issued by the SCF so far will be provided by the SCF as part of its self-assessment report. Furthermore, the transparency of the proceedings of its meetings through webcasts, as well as its active engagement of observers during its meetings, has also contributed to the maintenance of relations with various external stakeholders.

91. In line with the communication strategy, the SCF has taken different approaches to its engagement with relevant stakeholders depending on the respective nature of the area of work. For the main activities, relevant information on stakeholder engagement is outlined in chapter III above. Two of the main activities which entail the engagement of the most diverse set of stakeholders, the preparation of the BA on the one side, and the organization of the forum on the other, are outlined below.

92. With regard to outreach activities pertaining to the forum, as well as the event itself, the SCF makes use of the virtual forum, at which can be found all the information related to the forum such as the programme, materials relevant for each topic, presentations made during the event and the biographies of speakers and resource persons, webcast and/or audio recordings, when available, and the outcomes of the forum. The forum is regarded as important in promoting the active engagement of, inter alia, the private sector. Private sector representatives have been engaged in all forums as participants and resource persons, though the extent of their participation has varied in line with the relevance of the different topics. For example, during the first, fourth and fifth forums, private sector participation was particularly high owing to the attractiveness of the topics to the sector; institutional investors, insurance and reinsurance companies, industry associations and other private sector stakeholders actively engaged and played a key role in providing the private sector perspective. The SCF also strives to, to the extent possible, organize its forums in conjunction with other events addressing issues closely related to the topic of each forum, and doing so has allowed the SCF to reach out to a greater number of actors and organizations as well as to benefit from the outreach efforts of partner institutions, including by the dissemination of information materials through these partners' channels. Outreach by the SCF before and after the events has been conducted through the channels of UNFCCC constituencies and partner organizations, and by activities such as web-based promotion, dedicated announcements on relevant mailing lists, and presentations on the outcomes of the forum during SCF events and external events and meetings.

93. The SCF, in the context of the preparation of the BAs, has initiated and sustained strategic collaborations with the community of climate finance data producers and aggregators, which has led to a growing interest by stakeholders in the work the SCF, increased participation in the technical meetings, and increased availability of information and data on climate finance flows. These collaborations have substantially contributed to the efforts of the SCF to make progressive improvements in the quality and coverage of climate finance data in the 2016 BA. Furthermore, the SCF has, through its interactions with climate finance data producers and aggregators, prompted harmonization of methodologies for reporting climate finance and greater convergence of the operational definitions of climate finance. The SCF, in the context of the preparation of the 2014 and 2016 BAs, has extensively collaborated with multilateral development banks, bilateral and subregional development banks, United Nations agencies, intergovernmental organizations, think tanks, private sector financial institution networks, civil society institutions and non-governmental organizations.

94. Examples for stakeholder engagement with regard to more ad hoc activities by the SCF, and therefore quite diverse approaches targeted at the relevant stakeholders, include the consideration of issues related to possible future institutional linkages and relations between the Adaptation Fund and other institutions under the Convention.⁸⁶ In this case, during its 9th meeting, the SCF agreed to enhance the dialogue with the Adaptation Fund Board and relevant constituted bodies, and invited members, observers and constituted bodies under the Convention to make targeted submissions.⁸⁷ At its 10th meeting, the SCF agreed to pursue an enhanced dialogue with the Adaptation Fund Board on the margins of

⁸⁶ Decision 6/CP.20, paragraph 22.

⁸⁷ SCF document SCF/2015/9/10, paragraphs 34 and 35.

the Ad Hoc Working Group on the Durban Platform for Enhanced Action session in August–September 2015 at the level of co-chairs and facilitators for this issue. During that meeting, representatives of the Adaptation Fund Board secretariat were invited to provide an update on the state of work of the Adaptation Fund Board on this issue, and were actively engaged in the discussions.⁸⁸

95. Another example concerns the request to the SCF and the GCF Board to develop the arrangements between the COP and the GCF.⁸⁹ The SCF initiated work on this matter at its 3rd meeting, including on the basis of views from members circulated prior to the meeting. During the meeting, observers such as Transparency International were given the floor to express their views on this matter. The SCF requested its Co-Chairs to communicate to the GCF Board the agreed list of possible elements for the arrangements between the COP and the GCF, a proposal for work modalities, and a timeline, as well as to meet with the Co-Chairs of the GCF Board to discuss the modalities of work between the SCF and the GCF Board to develop the arrangements.⁹⁰

96. In response, the GCF Board decided that the GCF Co-Chairs should be mandated to develop the draft arrangements with the SCF Co-Chairs. Following that decision, the Co-Chairs of the GCF and the SCF engaged in informal consultations.⁹¹ During its 4th meeting, the SCF continued discussions based on the textual inputs provided by members intersessionally, as well as on the first draft version of the text. Observers providing interventions during the meeting on this matter included Transparency International and Oxford Climate Policy. The Co-Chairs were requested to inform the Co-Chairs of the GCF Board about the outcome of the meeting.⁹² During its 5th meeting, the SCF concluded on the draft arrangements between the COP and the GEF during breakout groups and informal discussions, closed to observers, and requested its Co-Chairs to communicate the outcome of discussions to the GCF Board.⁹³

VI. Additional synthesis of submissions

A. Impacts, uptake, quality and added value of outputs and recommendations of the Standing Committee on Finance

97. A number of submissions received this year mentioned the need to enhance the utilization of the outputs of the SCF by, for instance, sharing them more broadly and effectively, including by closely monitoring and evaluating the utilization of the outputs and enhancing the virtual forum, by prioritizing and focusing on specific areas of work, and by feeding the outputs of the SCF more directly into relevant negotiations and discussions. Some submissions also referred to the need for follow-up activities emanating from the forum to be targeted at the bodies relevant to the action, and for recommendations to be more specific.

B. Linkages with Articles 14 and 15 of the Paris Agreement

98. One submission suggested that the SCF should consider the new processes that will be put in place under the Paris Agreement, such as the global stocktake (Article 14), in this case with the aim of enhancing the coherence of the work of the SCF so as to better provide relevant inputs to the global stocktake. Another view suggested that the function of the SCF should be linked with the implementation of Articles 14 and 15 (a mechanism to facilitate implementation of and promote compliance with the provisions of the Paris Agreement).

⁸⁸ SCF document SCF/2015/10/13, paragraphs 31 and 33, and annex V, paragraph 2.

⁸⁹ Decision 7/CP.18, paragraph 2.

⁹⁰ SCF document SCF/2013/3/7, paragraphs 14–23, and annex I.

⁹¹ FCCC/CP/2013/8, paragraph 24.

⁹² SCF document SCF/2013/3/11, paragraphs 15–19.

⁹³ SCF document SCF/2013/5/9, paragraphs 34–38.

C. Mobilization of financial resources

99. Many of the submissions expressed views highlighting the need to enhance the work of the SCF on resource mobilization and scaling up of resources, including by addressing methodological challenges of MRV of private climate finance, and expanding interactions with and involvement of the private sector, non-state actors and other major stakeholders outside the Convention.

100. One submission suggested that the SCF should develop a workplan on alternative and innovative sources of finance, while another suggested that the SCF is appropriately positioned to facilitate consideration of relevant technical inputs and appropriate processes for the development of the new collective finance goal identified in decision 1/CP.21, paragraph 53.

D. Coherence and coordination and the rationalization of the Financial Mechanism

101. A number of submissions expressed views on the different ways that the SCF could strengthen its role in promoting coherence and coordination in the delivery of climate finance, including between the operating entities of the Financial Mechanism and beyond, including in the context of the Paris Agreement.

102. Other issues raised include: work to achieve balance between adaptation and mitigation; conducting an assessment of how the Adaptation Fund shall serve the Paris Agreement; considering making technical contributions to the coordination of time frames of the replenishment cycles and their adequacy; promoting harmonized access procedures to the operating entities and specialized funds, particularly for capacity constrained countries; and determining how the various funds' mandates, priorities and criteria can be complementary, including by assessing the current financial architecture under the Convention, the Kyoto Protocol and the Paris Agreement, and by defining the relationship between other climate-related funds in order to prevent overlapping functions.

Annex I

Compilation of submissions made in response to decision 9/CP.22, paragraph 3

This annex presents a compilation of submissions received by Parties and external stakeholders in response to the call for submissions in line with decision 9/CP.22, paragraph 3, which invited Standing Committee on Finance (SCF) members, Parties, the constituted bodies under the Convention and external stakeholders to submit, by 9 March 2017, their views on the review of the SCF based on the terms of reference contained in the annex to that decision.¹ Views contained in the submissions are clustered thematically.

A. Views related to budgetary considerations and number of meetings of the Standing Committee on Finance

- Some concerns expressed regarding resources, especially budgetary constraints that hinder the SCF from delivering on its mandate;
- The SCF should be funded through the core budget of the Convention;
- Regular interaction with external stakeholders is very relevant, can be achieved within the current budget envelop;
- There is a need to ensure that the SCF has adequate resources and an adequate number of meetings to undertake its functions;
- In view of the increasing work under the Paris Agreement, three meetings a year should be the minimum and the reduced number of two meetings in 2017 should not set a precedent for future meetings;
- The number of meetings, although it has been reduced from three to two meetings this year on trial, it should be put back to three meetings per year so as to secure ample time to work and fulfil its mandates;
- Two meetings per year is sufficient.

B. Views related to the biennial assessment and overview of climate finance flows and the measurement, reporting and verification of support

1. Preparation of the biennial assessment and overview of climate finance flows

(a) The biennial assessment and overview of climate finance flows

- The scope should be further broadened to include, to the extent possible, all financial flows, in a dynamic manner to assess progress towards the goal set in Article 2, paragraph 1(c), of the Paris Agreement;
- It should be aligned with the provisions of the Paris Agreement to enable a complete overview of flows responding to both (1) the overarching goal contained in Article 2 paragraph 1(c) and (2) the financial mobilization and support to developing countries pursuant to Articles 9 and 13. In particular, information on flows under (1) should include an overview of all flows, brown and green, to assess their consistency with international climate goals and how flows shift from brown to green over time; information under both (1) and (2) is needed as input to the global stocktake;
- Views on a strengthened mandate for the SCF to serve the Paris Agreement include: the SCF should continue the assessment of climate finance flows with more focus on the flows to developing countries in a predictable and identifiable manner to support developing countries in implementing nationally determined contributions; and as an expert group, the SCF should not mobilize the climate finance.

¹ Available at <http://www4.unfccc.int/submissions/SitePages/sessions.aspx?showOnlyCurrentCalls=1&populateData=1&expectedsubmissionfrom=Parties&focalBodies=SBI> and <http://unfccc.int/7481.php>.

(b) Definitions/common parameters

- In its future work the SCF should take up consideration of gaps and challenges in conducting the biennial assessment and overview of climate finance flows (BA) and continue to work on drafting an operational definition of 'climate finance' for the consideration of the Conference of the Parties (COP);
- The SCF should work more specifically on definitions and common parameters that take into account in a comprehensive and consistent manner the whole cycle of the financial resources for climate actions and the different roles of providers and recipients of climate finance, as well as acknowledging those Parties that are both providers and recipients; the key priority is to continue to strengthen recent work by the SCF on operational definitions of climate finance, including private finance mobilized by public interventions, to assess how adaptation and mitigation needs can most effectively be met by climate finance;
- The SCF should be involved in the process of developing definitions and common parameters of climate finance.

(c) Data

- It is important that the SCF focuses its efforts on how appropriate disaggregated data can be generated to better reflect how and where climate finance flows are distributed; of particular interest is disaggregated information for climate finance flows to particularly vulnerable countries, including small island developing States (SIDS) and the least developed countries (LDCs) (current disaggregation of climate finance data usually lacks the cross-regional SIDS or LDC specific focus);
- More detailed analysis should be provided on the types of flows and geographical distribution, highlighting good practices; as time goes by, this should generate improvements in addressing the quality and granularity of the data as well as the impacts of climate finance;
- Continued effort should be focused on the issue of quality and accuracy of data.

(d) Methodological issues

- There are limitations in terms of accuracy of private finance due to a lack of methodology for measuring and tracking private finance; further improvement of the methodology for the BA is very important and to be considered a key priority for the future work of the SCF; the SCF needs to contribute to improving methodologies for the measuring of private finance for the preparation of the BA.

2. Measurement, reporting and verification of support

- The SCF should be more involved in the measurement, reporting and verification (MRV) of support, without prejudice to the work of the Subsidiary Body for Scientific and Technological Advice (SBSTA);
- There is a need for a more concrete plan on SCF work to exercise MRV beyond the BA; this could include work to improve data on recipients of climate finance to assess where finance is going and how efficiently it is being used.

C. Views on linkages with ongoing measurement, reporting and verification of support related work/development of the transparency framework

- The BA will be an important input to the work of the SBSTA and the Ad Hoc Working Group on the Paris Agreement (APA); SCF work on MRV of support beyond the BA should also be integrated into the transparency framework modalities, procedures and guidelines;
- The BA, together with the work on MRV of support beyond the BA, are important references for the development of modalities for the accounting and reporting of climate finance under the Paris Agreement, in particular with respect to its Article 2,

paragraph 1(c), Article 9, paragraphs 5 and 7, Article 13, paragraphs 6 and 9, and Article 14, paragraph 1;

- The SCF should contribute to the development of a common framework that takes into account the reporting obligations that emerged from the Paris Agreement regarding support provided and received, bearing in mind the work on progress on accounting modalities (SBSTA), the work on the enhanced transparency framework (APA) and the need to increase comparability and accountability of climate finance information; this framework must be robust and effective, set a clear purpose and be in line with the finance goals adopted by Parties, both the quantitative and the qualitative ones, the short- and long-term goals, and should contribute to the improvement of data coverage and quality;
- The work of the SCF under its 2016–2017 MRV workplan, particularly on common reporting methods for needs and climate finance received, with consideration of developing country capacities and experiences, as well as needs for support on MRV, and consideration of general principles (i.e. transparency, comparability, efficiency, completeness and accuracy), should guide the work on further efforts to improve methodologies for reporting financial information; while flexibility is afforded to SIDS under Article 13, reporting on support received and needed will be critical to ensure that support is being received at the right time, at the level required by those particularly vulnerable and therefore most in need; those SIDS wishing to do so should get the necessary support to put in place appropriate national or regional systems for tracking and reporting climate finance received; accordingly, the SCF should prioritize progress in these areas to ensure that its work can contribute in a timely manner to the work of the SBSTA and the APA relevant to accounting modalities, the transparency framework and the global stocktake;
- The SCF should work on the transparency framework of support; it should be determined whether the SCF will work on the whole element of means of implementation or solely focus on the element of climate finance.

D. Views on linkages with Articles 14 and 15 of the Paris Agreement

- The SCF should consider the new processes that will take place in the implementation of the Paris Agreement, such as the global stocktake, aiming to enhance the coherence of the work of the SCF and to provide relevant inputs to the stocktake;
- The function of the SCF should be linked with the implementation of Article 15 of the Paris Agreement and the global stocktake.

E. Views on the issue of mobilization of financial resources

- There is a need to consider how the SCF could quickly focus on its function of resource mobilization and scaling up of resources; and a need to establish a process how the SCF can undertake this function and how it can provide recommendations that could be considered by the COP or the Conference of the Parties serving as the meeting of the Parties to the Paris Agreement (CMA);
- This issue should be a key priority area for the SCF in the coming years; the SCF may need to reorient or reprioritize its function by focusing on where it can add value to the ever-increasing challenges of financing for climate change;
- The SCF should play a more active role in the work related to the mobilization of finance; it has become evident that the MRV of private climate finance poses significant methodological challenges for the existing system; therefore, it is crucial that work is done in this regard building upon lessons learned and previous experiences from different actors and sources of information;
- The SCF could be the body that expands the interactions with the private sector and other major stakeholders outside the Convention, for example, by using the annual forum of the SCF;

- Given the increasing interest of the non-state actors in the global climate agenda, the review could also assess the extent to which they could be more closely involved in the work of the SCF, notably in mobilizing private climate finance;
- The SCF has to strengthen its work to fulfil the function of mobilization of resources, which has been a gap so far; an important use of the information from the SCF is in the development of the new collective quantified goal from a floor of USD 100 billion per year pursuant to decision 1/CP.21, paragraph 53; the SCF is appropriately positioned to facilitate consideration of relevant technical inputs and appropriate processes for the development of that goal, including taking into account its work related to scaling up finance for adaptation in relation to finance for mitigation;
- The SCF has not worked in-depth on providing advice on mobilizing finance and there is an emerging gap in work on making financial flows compatible with low-carbon and climate-resilient development as enshrined in Article 2 of the Paris Agreement; the review should assess as its first priority how the SCF could keep this important task moving forward, notably with regard to financial flows from the private sector that it also assesses in its BA;
- The SCF, in its resource mobilization function, should develop a workplan on alternative and innovative sources of finance (similar to the existing workplan on MRV of support) – possibly implemented through the long-term finance work programme under the aegis of the SCF – with the aim to produce regular (biennial) reports to the COP and the CMA to feed, inter alia, into the biennial ministerial round table on climate finance.

F. Views referring to the issue of coherence and coordination/the rationalization of the Financial Mechanism

- The SCF should do further work on how the climate finance delivery institutions can harmonize their procedures and standards to facilitate access, in particular for capacity-constrained countries, how their mandates, priorities and criteria can complement each other for optimal contribution to the successful implementation of the Paris Agreement and access and recommend ways to avoid duplication of efforts;
- It is important to have coordinated and harmonized access procedures between the operating entities and specialized funds to enable efficient and simplified access procedures, in particular for those developing countries that face particular vulnerabilities and capacity constraints;
- The SCF should develop further work in terms of options to enhance the complementarity, coherence and rationalization of the Financial Mechanism in the new context of the implementation of the Paris Agreement, aiming to achieve the balance between adaptation and mitigation, taking into account country-driven strategies and the priorities and needs of developing country Parties; there are other ongoing processes related to the Financial Mechanism and relevant guidance to the SCF in decisions other than the specific finance ones;
- The SCF should assess the current financial architecture under the Convention, the Kyoto Protocol and the Paris Agreement, in the light of the implementation of the Paris Agreement; the work stream could also relate to the function of the rationalization of the Financial Mechanism in a more direct manner, considering the usefulness and effectiveness of the different funds of the climate financial architecture in the way forward, ensuring efficient access to financial resources through simplified approval procedures and enhanced readiness support;
- The SCF should conduct an assessment on how the Adaptation Fund shall serve the Paris Agreement;
- As a matter of priority, the SCF could also contribute technically to the coordination of time frames of the replenishment cycles of the operating entities, as well as the adequacy of their replenishments;
- The SCF should play a more central role in improving coherence and coordination in the delivery of climate finance;

- The SCF should strengthen its role in promoting cooperation among climate-related funds; the role should be more focused on the effective use of finance, by means including defining the relationship between other climate-related funds and preventing overlapping functions; the SCF should work in cooperation with the Green Climate Fund to improve coherence in the delivery of climate finance;
- In terms of recommendations on how to improve complementarity, coherence, effectiveness and efficiency between the operating entities and between the operating entities and other entities delivering climate finance, discussions in the SCF are not as fruitful and to the point as they could be because of the sensitivity of the issue and the lack of guidance from the COP.

G. Views pertaining to the (sixth) review of the Financial Mechanism

- The SCF could utilize this channel for providing technical input to support the operating entities' deliberation on their replenishment processes;
- The review should include a review of how the Financial Mechanism has addressed the needs of SIDS in terms of access relative to resources available for SIDS and delivery of support;
- The review should assess whether the present functions and prioritization of tasks of the SCF could/should be enhanced in this regard.

H. Views pertaining to the issue of provision of draft guidance to the operating entities

- Provision of draft guidance for the operating entities should be improved; the review should consider the extent to which the SCF needs to provide guidance every year and to what level of detail the guidance should be provided; the SCF should move towards providing core guidance for multiple years; at this moment, the draft guidance is often too detailed, hampering a strategic focus in the guidance provided by the SCF;
- Quality of the draft guidance could be further improved if the SCF adjusted its approach with regard to processing and assessing the inputs received from the constituted bodies;
- The SCF sometimes fails to provide its service by sending unfinished drafts to the COP with undiscussed paragraphs; the SCF should focus more on issues that are mandated by COP decisions through reducing other workloads and using intersessional periods effectively; the SCF should consider and reach conclusions on appropriate frequency of guidance.

I. Views pertaining to the forum of the Standing committee on Finance

1. Outputs/outcomes/recommendations of the forum

- Forums should be drawn upon so that they produce outputs and recommendations, which are taken into consideration by the SCF in the drafting of its recommendations to the COP;
- There was a lack of performance in terms of practicality in application and use of information contained in summary reports; the better the topic is anchored in the SCF workplan, the higher is the added value of the outputs of the forum, since they can be directly integrated into the future work of the SCF on that particular topic;
- Efforts should be made to ensure that forums can be more effectively used to make progress on issues in a pragmatic manner and to support the technical work of other constituted bodies under the Convention and under the Paris Agreement as the need arises; recommendations emanating from a forum or other SCF activity should therefore be oriented for relevant bodies to take action thereon;

- Question of who owns the outputs of the forum: there is a tendency to task the SCF with ensuring that the outcomes of the forum are followed, up, which leads to an overburdening of the SCF itself;
- Effectiveness of the outcomes of forums is not clear; since holding a forum adds financial burden to the secretariat, the SCF should take this issue of effectiveness of forums more seriously; the SCF needs to seek ways to maximize the use of forums by strengthening the cooperation with other Convention bodies.

2. Organizational matters

- There may be a need to re-examine the frequency of forums to allow the SCF to have more time to prepare and cooperate with other bodies and to engage itself in other work that are equally important;
- Hosting forums back-to-back with climate finance events or in cooperation with relevant institutions proved to be efficient in increasing the number of participants and enriching discussions.

3. Topics of the forum

- Time-consuming debates in SCF meetings and at COP sessions on the selection of topics and design each year are considered quite inefficient;
- The SCF should expand the themes of the forum to reflect developing countries' diverse and specific needs, including climate finance for agriculture and cities to achieve low-carbon and resilient development;
- Forums should be connected to the approved workplan and clearly defined one-off events that move specific finance-related items forward, bring organizations and other stakeholders together and entice action outside of the SCF.

J. Views pertaining to the issue of linkages with the Subsidiary Body for Implementation and the constituted bodies

- The SCF has a role in continuing its work by participating in meetings of these other bodies; the SCF should regularly communicate its work and identify areas in which it could collaborate with the different bodies;
- Possibly duplicated tasks or overlap between work already being undertaken by the Subsidiary Body for Implementation and the SBSTA and to a certain extent by the Adaptation Committee and inclusion of similar tasks in the work programme of the SCF; review to explicitly analyse these different work streams and suggest efficiency improvements wherever possible;
- The SCF should consider new bodies established under the Convention, such as the Paris Committee on Capacity-building (PCCB), particularly related to the issue of capacity-building on finance (e.g. capacity-building to access climate finance under the Convention, MRV for finance, etc.); the objective of the PCCB establishment is to address gaps and needs in implementing capacity-building in developing country Parties to ensure the sustainability of finance for capacity-building efforts on climate change issues; it is therefore critical for the SCF to support the objective of the PCCB.

K. Views referring to the working modalities of the Standing Committee on Finance

- Virtual meetings present challenges for some members from countries where access to efficient web-based communications is not guaranteed; risks preventing full participation of such members and their contributions may consequently remain unavailable;
- Care must be taken to ensure that there are sufficient opportunities for the SCF as a whole to provide feedback on work and outputs of working groups;

- The SCF is an open committee which welcomes observers to participate in discussions on-site and allows anyone to see its discussions through a live webcast; such practice should be continued under the Paris Agreement;
- The ad hoc intersessional working modalities and functions should be assessed; given the occasional need to carry out intersessional work, without a formal SCF decision during the meeting, the SCF could possibly aim for more timely and concrete outputs if the work also progressed outside the formal sessions; there is a need to assess whether there are any possible gains from improving the intersessional working methods;
- Attendance of members at the meetings, the number of meetings taking place each year, the number of committee members, the number of reports produced each year, and how efficiently the SCF responded to its mandates should all be discussed.

L. Views related to participation of Standing Committee on Finance members

- Recommendations on how to improve situations where seat vacancies or other participation challenges are identified:
 - Issue of alternative membership, modelled on the approach used in other Convention bodies, should be discussed;
 - More responsibilities in the role of the SCF in serving the Paris Agreement are required: increasing the number of members and funded advisers to representatives from developing countries should be discussed;
- The appointment of funded alternates who would be able to participate in and undertake functions as a member in the absence of the primary member should be considered;
- Since composition of the SCF is based on the ‘annex’ system and the Paris Agreement uses the terminology of developed/developing country Parties without making any reference to the annexes of the Convention, a new composition based on developed/developing country Parties should be considered; a useful consideration could be the fair representation of the Parties according to their income per capita and/or geographical distribution;
- Governance or membership matters related to the SCF should not be analysed given the objective of the terms of reference;
- Parties should consider, for the next round of nominees, experts with the necessary experience and skills in the areas of climate change finance and statistics, as well as assigning new functions to the SCF according to the needs of the climate regime; for example, in terms of assessing the effectiveness of climate finance and to provide inputs to the global stocktake;
- At a minimum, members shall have demonstrated technical expertise such as an academic qualification or professional experience in international law, economics and international finance, including development finance and climate finance; in addition, it could also provide that members shall serve in an independent professional capacity.

M. Views pertaining to participation of/engagement with observers, external experts and non-state actors

- Clear recommendation on how to allow for inclusiveness (many of observers currently are non-governmental organizations and United Nations agencies from Parties included in Annex 1 to the Convention); working modalities allow observers to participate in breakout groups and contribute during the meetings; a dilemma is that there is little participation, if any, of observers from LDC countries; this creates a challenge in that the decisions made after discussions favour the groups which have more participants (both members and observers);
- Recommendations on how to encourage and facilitate participation of external experts and observers with relevant expertise in SCF activities on the BA, MRV of

support beyond the BA, the forum, mobilization of resources, and coherence and coordination;

- Given the increasing interest by the non-state actors to the global climate agenda, the review could also assess the extent to which they could be more closely involved to the work of the SCF, notably in mobilizing private climate finance;
- The SCF could further improve its relation with the private sector in order to strengthen the mobilization of climate finance under the Paris Agreement.

N. Views pertaining to the impact or uptake of outputs and recommendations of the Standing Committee on Finance, as well as the quality and added value of the outputs and recommendations

- Recommendations on how the UNFCCC can better utilize SCF outputs and on which systems can be put in place to monitor and evaluate the utilization of these outputs; it is critical that outputs are shared broadly and effectively among its stakeholders;
- Outputs and recommendations from the work of the SCF could feed more directly into relevant negotiations and discussions under the Convention and the Paris Agreement; recommendations emanating from an SCF forum or other SCF activity should therefore be oriented for relevant bodies to take action thereon;
- Options/recommendations on how to make better use of SCF outcomes and recommendations within the relevant bodies under the Convention and the Paris Agreement;
- Uptake of outputs has not been ideal; it could be improved through broader dissemination of the findings by the SCF members and the SCF secretariat; the SCF should communicate more actively and the public repository online should be used more extensively;
- Recommendations by the SCF should be more specific;
- The quality and added value of the outputs could be improved by prioritizing and focusing on specific work, and calling for more attention to SCF deliverables within and outside the Convention.

Annex II

Indicative time allocation per meeting for different agenda items

<i>Meeting</i>	<i>Agenda item</i>	<i>Plenary (hours)</i>	<i>Breakout groups (hours)</i>
SCF 1	Discussions on the scope and functions	2	
	SCF work programme (2012–2015)	5.5	
	Modalities of SCF work	1.5	
SCF 3	Overview of the key outcomes of the United Nations Climate Change Conference in Doha and implications for the work of the SCF in 2013	1.5	
	COP–GCF arrangements	3	4.5
	SCF forum	3	2.5
	Fifth review of the Financial Mechanism	2	4.5
	Expert inputs to the work programme on long-term finance	1.5	2.5
SCF 4	Reflections on the outcomes of the first forum	1	
	COP–GCF arrangements	4	
	Draft guidance to the operating entities of the Financial Mechanism	1.25	
	Fifth review of the Financial Mechanism	2.5	
	Expert inputs to the work programme on long-term finance	1.5	
	MRV of support	1.75	
	Linkages with the SBI and constituted bodies of the Convention	1	
SCF 5	All agenda items	4.5	
	Draft guidance to the operating entities of the Financial Mechanism	3.5	3.25
	COP–GCF arrangements	0.5	4
	Discussions on MRV of support and BA	3	3.25
	Plenary reports on the breakout groups	1	
	Fifth review of the Financial Mechanism	2.5	3.5
	Forum of the SCF	1.5	3.5
SCF 6	BA	2.5	3
	Second forum of the SCF	1.5	3
	Fifth review of the Financial Mechanism	3	
	MRV of support beyond the BA	1	2
	Linkages with the SBI and constituted bodies of the Convention	2	2
	Draft guidance to the operating entities of the Financial	1.5	2

<i>Meeting</i>	<i>Agenda item</i>	<i>Plenary (hours)</i>	<i>Breakout groups (hours)</i>
	Mechanism		
SCF 7	BA	2	4
	Fifth review of the Financial Mechanism	2	4
	Draft guidance to the operating entities of the Financial Mechanism	1.75	1.75
	Coherence and coordination: financing for forests, taking into account different policy approaches	2.75	1.75
	MRV of support beyond the BA	0.75	
	Linkages with the SBI and constituted bodies of the Convention	0.75	
SCF 8	BA	1.25	9.25
	Fifth review of the Financial Mechanism	1.25	9.25
	Draft guidance to the operating entities of the Financial Mechanism	1.25	6
	SCF forum 2014	1	2
	SCF forum 2015	0.5	
	Coherence and coordination: financing for forests, taking into account different policy approaches	1.25	2
	Working group on MRV of support beyond the BA	0.75	2
	Stocktaking plenary	0.25	
	Report of the SCF to COP 20	0.5	
	Executive session (SCF members only)	0.5	
SCF 9	Consideration of the long-term finance issues	1	
	Draft guidance to the operating entities of the Financial Mechanism	1.5	
	SCF forum 2015	2.5	4.5
	MRV of support beyond the BA/BA	2.5	4.5
	Institutional linkages and relations between the Adaptation Fund and other institutions under the Convention	2.5	
SCF 10	Opening plenary: updates on intersessional work	1	
	2016 BA	1	3.5
	MRV of support beyond the BA	1.5	4
	SCF forum 2015: Coherence and coordination: financing for forests, taking into account different policy approaches	1	4
	Institutional linkages and relations between the Adaptation Fund and other institutions under the Convention	1	1.5
	Draft guidance to the operating entities of the Financial Mechanism	1	2
	Linkages with the SBI and the constituted bodies of the Convention	0.5	

<i>Meeting</i>	<i>Agenda item</i>	<i>Plenary (hours)</i>	<i>Breakout groups (hours)</i>
SCF 11	Opening plenary: updates on intersessional work	1	
	SCF report to COP 21	0.5	
	MRV of support beyond the BA	1.5	3.5
	Draft guidance to the operating entities of the Financial Mechanism	2.5	8.25
	Institutional linkages and relations between the Adaptation Fund and other institutions under the Convention	1.5	3.25
	2016 BA	1.5	3.25
	Forum of the SCF	1.25	4.75
	Stocktake day one	1	
SCF 12	Consideration of the long-term finance issues	0.5	
	Coherence and coordination: financing for forests, taking into account different policy approaches	0.5	
	SCF forum 2016	1.5	3.5
	2016 BA	1.5	3.75
	MRV of support beyond the BA	0.75	3.5
	Draft guidance to the operating entities of the Financial Mechanism	1	3.75
	Linkages with the SBI and the constituted bodies of the Convention	0.5	
	Left over business from day one of SCF 12	0.5	
SCF 13	Updates on the work of the SCF during the forty-fourth session of the subsidiary bodies	1.5	
	2016 BA	10.5	
	Draft guidance to the operating entities of the Financial Mechanism	1	4.5
	Forum of the SCF	3	4.5
	Linkages with the SBI and the constituted bodies of the Convention	0.5	
SCF 14	2016 BA	3.25	6.75
	MRV of support beyond the BA	1	
	Draft guidance to the operating entities of the Financial Mechanism	1.5	5
	SCF forum 2016	1.5	5
	SCF forum 2017	1.25	
	Linkages with the SBI and the constituted bodies of the Convention	1	
	Report of the SCF to the COP and review of the functions of the SCF	1.25	

Notes: The time allocation displayed in the table is only indicative as scheduling during the meetings is amended regularly on an ad hoc basis.

Abbreviations: BA = biennial assessment and overview of climate finance flows, COP = Conference of the Parties serving as the meeting of the Parties to the Paris Agreement, GCF = Green Climate Fund, MRV = measurement, reporting and verification of support beyond the biennial assessment and overview of climate finance flows, SBI = Subsidiary Body for Implementation, SCF = Standing Committee on Finance.

Annex III

Chronological overview of the work of the Standing Committee on Finance on the forum and the provision of draft guidance to the operating entities of the Financial Mechanism

A. Organization of the forum

1. In 2013, in line with the elements outlined in paragraphs 40 and 41 of this document, the Standing Committee on Finance (SCF) operationalized its virtual forum,¹ organized its first in-person forum as a one-day event in collaboration with the World Bank Institute and in conjunction with the Carbon Expo, and produced a report on and a summary² of the main issues raised at the forum. It noted that the summary and the issues contained therein must not be understood as having been endorsed by the SCF; they rather reflect the key issues raised during the presentations and ensuing discussions.³ During its 4th and 5th meetings, the SCF discussed lessons learned from its first forum and options for the second forum, which was to be held in 2014. A background document produced for the 5th meeting outlined various lessons learned from the first forum, which referred, inter alia, to administrative and logistical arrangements, timing, collaboration and partnerships, duration and participation-related matters.⁴ On the basis of these lessons learned, the SCF agreed to organize its second forum as a two-day event, back-to-back with the Climate Investment Funds Partnership Forum, and also agreed on the topic of the forum.⁵

2. In 2014, the SCF collaborated with the Adaptation Committee (AC) in the organization of the forum and produced a joint information note that served as a background document to the forum.⁶ For this second forum, the SCF agreed to report to the Conference of the Parties (COP) at its twentieth session on the forum in the form of an executive summary of the full report, including conclusions and the way forward; the full report was posted on the virtual forum website.⁷ One member presented, on behalf of the SCF, the outcomes of the 2014 forum at the Global Forum of the Climate Change Expert Group of the Organisation for Economic Co-operation and Development.⁸ With regard to its third forum to be organized in 2015, the SCF agreed that the focus should be in line with the mandate contained in decision 9/CP.19, paragraphs 20 and 21. During its 8th meeting, the SCF initiated discussions on the organization of the 2015 forum, focusing, inter alia, on the modalities, scope, target audience, and possible partners and events, while acknowledging the need to seek financial contributions to cover the cost of the forum. The SCF agreed to launch a call for submissions from interested organizations on proposals for potential partnership with the SCF on the organization of the 2015 forum.⁹

3. The third forum was organized in collaboration with the 14th World Forestry Congress, hosted by the Government of South Africa in partnership with the Food and Agriculture Organization of the United Nations. To prepare for the forum and inform the work of the SCF on the coherence and coordination of forest finance, the SCF reached out to various stakeholders working on forest finance and undertook other outreach activities.¹⁰

¹ <http://unfccc.int/7552.php>.

² As contained in document FCCC/CP/2013/8, annex II.

³ FCCC/CP/2013/8, paragraph 20.

⁴ SCF document SCF/2013/5/6, paragraphs 6–19. Available at <http://unfccc.int/6881>.

⁵ SCF document SCF/2013/5/9, paragraph 31.

⁶ Available at

http://unfccc.int/files/cooperation_and_support/financial_mechanism/standing_committee/application/pdf/publication3_v4.pdf.

⁷ FCCC/CP/2014/5, paragraph 27. The executive summary is contained in annex IV of this document.

⁸ SCF document SCF/2014/8/9, paragraph 13.

⁹ SCF document SCF/2014/8/9, paragraphs 23 and 24.

¹⁰ FCCC/CP/2015/8, paragraphs 14 and 15. Events that SCF members participated in were the joint United Nations Forum on Forests–United Nations Economic and Social Commission for Asia and the

In 2015, the SCF, for the first time, produced recommendations arising from a forum: it provided recommendations on enhancing coherence and coordination of forest finance from the third forum to COP 21.¹¹ The summary report on the forum also listed the follow-up activities the SCF had decided to undertake in 2016.¹² At its 11th meeting, the SCF initiated its preparation for the 2016 forum and agreed to accept the invitation of the Executive Committee of the Warsaw International Mechanism for Loss and Damage associated with Climate Change Impacts to dedicate the 2016 SCF forum to financial instruments that address the risks of loss and damage associated with the adverse effects of climate change. The SCF agreed on activities to be undertaken intersessionally, including the preparation of an outreach strategy for the forum, mapping of the relevant stakeholders, and screening of events and organizations to possibly partner with in the organization of the forum.¹³

4. The 2016 forum was hosted by the Asian Development Bank in collaboration with the Climate Change Commission of the Government of the Philippines, and was organized, for the first time, as a stand-alone event.¹⁴ The decision on the venue was taken by the SCF on an intersessional basis.¹⁵ In organizing the forum and in order to inform the preparatory work of the SCF, the SCF reached out to various stakeholders and undertook a number of outreach activities, including an event to consult with relevant stakeholders at COP 21, a call for inputs on the scope and purpose of the forum as well as on relevant case studies and a call for potential organizations and events to partner with, and the participation of SCF members in various events related to the topic of the forum. A summary of the outcomes of the 2016 forum was presented at the international event titled “Insuring climate and disaster resilience: innovations and solutions for sustainable development” organized by the United Nations Environment Programme Finance Initiative Principles for Sustainable Insurance and the Philippine Insurers and Reinsurers Association.¹⁶ In 2016, the SCF submitted to COP 22 recommendations from the fourth forum, held in 2016, focusing on financial instruments that address the risks of loss and damage associated with the adverse effects of climate change, as part of its summary report,¹⁷ and also submitted to the COP conclusions and follow-up activities of the SCF in 2017.¹⁸ The SCF initiated discussions on potential topics for its 2017 forum at its 13th and 14th meetings but did not conclude them.¹⁹

B. Provision of draft guidance to the operating entities of the Financial Mechanism

5. In 2013, the SCF submitted to COP 19 elements of draft guidance to the Global Environment Facility (GEF) and elements of draft initial guidance to the Green Climate Fund (GCF), which represented a compilation of inputs provided by SCF members based on a template, not an agreed SCF outcome. The inputs had been drafted in decision

Pacific workshop on integrating climate and forest financing in South-Eastern Asia, the eleventh session of the United Nations Forum on Forests, the Global Landscapes Forum: the investment case, the second voluntary meeting on the coordination of support for the implementation of activities referred to in decision 1/CP.16, paragraph 70, and the innovation and investment forum organized in conjunction with the 14th World Forestry Congress.

¹¹ FCCC/CP/2015/8, annex II, paragraph 54.

¹² FCCC/CP/2015/8, annex II, paragraph 55.

¹³ FCCC/CP/2015/8, paragraphs 17 and 18, and annex III.

¹⁴ FCCC/CP/2016/8, paragraph 25.

¹⁵ SCF document SCF/2016/13/8, paragraph 10.

¹⁶ FCCC/CP/2016/8, paragraph 26. Events members of the SCF participated in were, inter alia, the 2nd and 3rd meetings of the Executive Committee of the Warsaw International Mechanism for Loss and Damage associated with climate change and an international event titled “Insuring climate and disaster resilience: innovations and solutions for sustainable development” organized by the United Nations Environment Programme Finance Initiative Principles for Sustainable Insurance and the Philippine Insurers and Reinsurers Association.

¹⁷ FCCC/CP/2016/8, annex III, paragraph 68.

¹⁸ See document FCCC/CP/2016/8, annex III, paragraphs 60–67, for the conclusions, and annex III, paragraph 69, for the follow-up activities.

¹⁹ FCCC/CP/2016/8, paragraph 29.

language, identifying the specific substantive elements the proposed pieces of guidance referred to, such as policies, programme priorities, eligibility criteria, replenishments, and accountability.²⁰ Owing to the timing of the issuance of the annual report of the GCF to COP 19, the SCF was not in a position to develop elements of guidance for the GCF other than the draft initial guidance.

6. In 2014, SCF members acknowledged the need for further improvement of the process to prepare the draft guidance, including the need to: take into consideration the late issuance of the GCF report when scheduling the last meeting of the SCF for the year; produce differentiated tables for the inputs on guidance to be provided to the GEF and the GCF, given their different stages of operation; and further improve engagement with representatives of the GEF and GCF.²¹ Intersessional work was conducted to identify options for the improvement of future draft guidance to the operating entities of the Financial Mechanism. This work resulted in concrete proposed actions to be undertaken by the SCF in order to improve the consistency and practicality of providing draft guidance, which the SCF included in its report to COP 20 (see chapter IV.D above for further details).²² In terms of the provision of draft guidance, members provided inputs using a template, outlining elements (to remain over time) and sub-elements (to be adjusted on the basis of future specific guidance needs),²³ sources of information for accountability, proposed inputs and rationale, and comments to inputs provided by other members.²⁴ In addition, the SCF for the first time invited the AC and the Technology Executive Committee (TEC) to provide inputs following the template. The SCF submitted to COP 20 annotated suggestions for elements of draft guidance to the GEF²⁵ and the GCF²⁶ that had been submitted by members of the SCF, as well as, in a separate annex, the inputs from the AC and the TEC, which were neither discussed, commented on nor endorsed by the SCF.²⁷

7. In 2015, the SCF agreed to aim, for the first time, to provide draft decisions on the draft guidance, to further clarify to the AC and the TEC the inputs to be provided to the SCF in terms of scope, format, timing and how the SCF would process the inputs received, and to take into consideration the timing of the last meeting of the year of those two bodies in scheduling the last meeting of the SCF in order to allow the bodies time to provide to the SCF substantive inputs and to allow the SCF time to process these inputs.²⁸ The SCF also agreed to conduct further outreach activities so as to provide relevant information to the AC and the TEC with regard to their input on the draft guidance to the operating entities.²⁹ During its last meeting for 2015, the SCF developed two draft decisions based on a compilation of the submissions from SCF members using the template developed in 2014, the inputs received from the AC and the TEC, and the inputs received from the working group on the 2015 forum on enhancing the coherence and coordination of forest financing. The SCF technically refined the compilation of submissions and inputs received where there was agreement to do so; however, the SCF did not negotiate the draft decisions.³⁰ The bracketed draft decisions contained placeholders for, for example, possible outcomes of discussions under the deliberation of other agenda items at COP 21, and also contained annexes containing further inputs from SCF members and from the TEC with additional annotations by the SCF, for example, to indicate that specific elements of guidance may be further discussed under other agenda items at COP 21.

8. In 2016, the SCF agreed to adopt and enhance the approach used in its collaboration with and outreach to the AC and the TEC and to be more ambitious in developing guidance

²⁰ See document FCCC/CP/2013/8, annex V, for elements of draft guidance to the GEF, and annex VI for elements of draft initial guidance to the GCF.

²¹ SCF document SCF/2014/6/11, paragraphs 39 and 40.

²² FCCC/CP/2014/5, paragraph 10.

²³ FCCC/CP/2014/5, paragraph 33.

²⁴ SCF document SCF/2014/8/9, annex V, appendixes I and II.

²⁵ FCCC/CP/2014/5, annex V.

²⁶ FCCC/CP/2014/5/Add.1, annex.

²⁷ FCCC/CP/2014/5, annex VI.

²⁸ SCF document SCF/2015/9/10, paragraph 17.

²⁹ SCF document SCF/2015/10/13, paragraph 17.

³⁰ FCCC/CP/2015/8, paragraph 23. See annex IV in this document for the draft decision on the draft guidance to the GCF, and annex V for the draft decision on the draft guidance to the GEF.

of a more strategic nature.³¹ With regard to the development of draft guidance, SCF members, the AC and the TEC were invited to provide inputs based on the template, and the AC and the TEC were invited to utilize the updated compilation and analysis in preparing their inputs on the draft guidance to the operating entities in 2016.³² The SCF further strengthened its collaboration with the AC and the TEC on the provision of draft guidance to the operating entities, including by participating in meetings.³³ The SCF developed two unbracketed draft decisions based on the inputs received from SCF members, the AC and the TEC.³⁴ The draft decision on draft guidance to the GCF contained two appendices, one containing matters to be taken up by the COP following the 14th meeting of the GCF Board, and one containing areas where discussion was not completed by the SCF during its 14th meeting. The draft decision on draft guidance to the GEF contained placeholders for possible outcomes of discussions under deliberation in other agenda items at COP 22.

³¹ SCF document SCF/2016/12/10, paragraph 33.

³² SCF document SCF/2016/13/8, paragraph 29.

³³ FCCC/CP/2016/8, paragraph 33.

³⁴ See document FCCC/CP/2016/8, annex V, for the draft decision on the draft guidance to the GCF, and annex VI for the draft decision on the draft guidance to the GEF.