

Twelfth meeting of the Standing Committee on Finance Bonn, Germany, 6–7 April 2016

Background paper on the consideration of the long-term finance issues referred to in decision 3/CP.19, paragraph 12

Expected actions by the Standing Committee on Finance

The SCF will be invited to consider:

- (a) Inputs that the SCF will provide to the in-session workshop on long-term climate finance 2016, which will be organized by the secretariat;
- (b) Procedural approach and modalities for providing these inputs.

I. Options for actions to be taken by the SCF

1. The SCF has been invited by the secretariat to provide inputs to the design and programme of the in-session long-term finance (LTF) workshop in 2016, tentatively scheduled for May 18.¹
2. The SCF may also wish to decide on the **modalities for providing its inputs**. These may include written inputs on issues that are deemed relevant to the focus of the LTF workshop in 2016; participation in the workshop as a panel member to discuss areas of work of the SCF; or active participation of SCF members at the workshop
3. The SCF may further wish to agree on the scope of its inputs, taking into consideration areas of inputs outlined in the following section.

II. Areas of inputs related to long-term climate finance

4. In accordance with decision 5/CP.20, paragraph 14, the following LTF issues should be considered by the SCF as it implements its 2016 workplan:
 - a) Strategies and approaches for scaling up climate finance from 2014 to 2020 by developed country Parties;
 - b) Cooperation on enhanced enabling environments and support for readiness activities; and
 - c) Needs for support to developing countries from 2014 to 2020.
5. These issues are almost identical with the topics of the in-session workshop on LTF in 2016, as mandated by 5/CP.20, paragraph 13:
 - a) Adaptation finance;
 - b) Needs for support to developing country Parties;
 - c) Cooperation on enhanced enabling environments and support for readiness activities.
6. The secretariat has invited key finance negotiators and the thematic bodies under the Convention to provide inputs into the design of the workshop programme. The programme will address the topics listed under paragraph 5 above and will be designed based on inputs received.
7. The SCF was invited by the secretariat to consider, but not limit its input to the in-session workshop to the following questions:
 - a) What can the SCF suggest with regard to enhancing transparency in adaptation finance tracking and reporting, in particular through its work on the second BA?

¹ Information on this is also included in the communication strategy of the SCF for 2016.



- b) In the context of the USD 100 billion goal, how can climate finance be further scaled up, particularly for adaptation, to better address the needs of developing countries?
8. These issues cut across the four core functions of the SCF and some of the activities included in the workplan of the SCF in 2016. The SCF may wish to consider Table 1 below to analyze to what extent LTF issues are relevant to its activities in 2016, with a view to preparing its inputs to the in-session workshop on LTF antaking into consideration the question outlined in para. 7 above.

Table 1: LTF relevant activities of the SCF in 2016

<i>Mandate/Activity</i>	<i>Expected outputs/outcomes by the SCF in 2016</i>	<i>LTF issues mandated by the COP of possible relevance for the SCF</i>
<i>Activities of the SCF in 2016</i>		
<i>Preparation of the second biennial assessment and overview of climate finance flows</i>	Interaction with relevant stakeholders; Publication of the second BA before COP 22.	Adaptation finance Needs of developing countries Strategies and approaches by developed countries for scaling up climate finance and how to enhance transparency and clarity in the provision of climate finance
<i>Workplan on measurement, reporting and verification of support beyond the biennial assessment and overview of climate finance flows</i>	Continue technical work to enhance the transparency and comparability and develop a better understanding of operational definitions of climate finance in collaboration with relevant international financial institutions and organizations Encourage transparency and comparability of developing country reporting	Adaptation finance Needs of developing countries
<i>Provision of draft guidance to the operating entities of the Financial Mechanism</i>	Draft guidance to the operating entities of the FM.	Adaptation finance Support for readiness activities in developing countries

III. Previous work of the SCF related to long-term climate finance

9. In preparing the inputs to the in-session workshop on LTF, the SCF may also wish to consider the outcomes of its work related to LTF undertaken in previous years, which may be relevant to the themes of the in-session workshops. An overview of previous work is contained in Annex I to this document.

IV. Background

10. COP 19 decided to continue the deliberations on long-term climate finance (LTF) with three elements for the period 2014 to 2020: (i) biennial submissions by developed country Parties on their strategies and approaches for scaling up climate finance; (ii) annual in-session workshops to be organized by the secretariat; and (iii) biennial high-level ministerial dialogues on climate finance.²
11. With respect to the annual in-session workshops, COP 20 decided that the workshops in 2015 and 2016 will focus on the issues of: adaptation finance, needs for support to developing country Parties, and cooperation on enhanced enabling environments and support for readiness activities.

² Decisions 3/CP.19 and 5/CP.20.

12. COP 20 invited the thematic bodies under the Convention in particular the SCF, the Adaptation Committee and the Technology Executive Committee, where appropriate, to consider LTF issues referred to in decision 3/CP.19, paragraph 12 when implementing their 2015–2016 workplans, as an input to the annual in-session workshops on LTF.³
13. COP 21 decided that the second biennial high-level ministerial dialogue on climate finance, to be convened in accordance with decision 3/CP.19, will focus on the issues of adaptation finance, needs for support to developing country Parties, and cooperation on enhanced enabling environments and support for readiness activities, and that it will be informed by the report of the in-session workshop on LTF in 2016 and the second biennial assessment and overview of climate finance flows.⁴
14. The in-session workshop on LTF in 2016 is tentatively scheduled to be held on Wednesday 18 May 2016 in conjunction with the UNFCCC Conference session in May 2016 in Bonn, Germany.

³ Decision 5/CP20, paragraphs 13–14.

⁴ Decision 5/CP21, paragraph 4.

Annex

Previous work and activities of the SCF related to long-term climate finance

Outcomes of the second forum of the SCF which focused on mobilizing adaptation finance

1. In 2014, the SCF held its second in-person forum with specific focus on mobilizing adaptation finance. The forum was an opportunity for the SCF to draw a landscape of adaptation finance and engage with participants on the instruments, both public and private, that are used to support adaptation. The forum also delved on issues related to financing specific sectors related to adaptation. A report of the forum is available on the SCF webpage.⁵ Elements from the two forums of the SCF could be used in preparing inputs relevant to the areas of adaptation finance, enabling environments and needs for support to developing countries.

The first biennial assessment and overview of climate finance flows

2. In 2014, the SCF prepared and issued its first biennial assessment and overview of climate finance flows (BA) which covered the years from 2010 to 2012. The BA discussed the available estimates of global climate finance and flows of climate finance from developed to developing countries. It provided elements for an operational definition of climate finance and estimated that total climate finance in all countries ranged from USD 340 to USD 650 billion per year in the period covered by the report, while the flows of climate finance from developed to developing countries ranged from USD 40 to USD 175 billion per year.⁶
3. The BA also addressed the thematic and geographic distribution of climate finance flows from developed to developing countries. In this regard, it found that 48 to 78% of finance reported supports mitigation or other/multiple objectives and that although adaptation finance remains a small share of the current estimates of climate finance, there is some evidence that it has been increasing. As for the geographic distribution, the BA found that the largest share of funding mobilized has been directed to countries of the Asia and Pacific region, while countries of Latin America and the Caribbean and Sub-Saharan Africa appear to have received broadly comparable shares of the finance committed.⁷ The information contained in the BA may be useful in preparing the SCF input with regard to adaptation finance and needs for support to developing countries.

Expert input to the fifth review of the Financial Mechanism

4. In 2014, the SCF prepared expert input to the fifth review of the Financial Mechanism (FM) following a request by COP 19. In preparing that expert input, the SCF examined the activities, policies and programme priorities of the operating entities of the FM in line with the criteria for the review. In so doing, the SCF drew conclusions and recommendations on issues relevant to adaptation finance and enabling environments that the SCF can draw on in preparing its input to the 2016 in-session workshop on LTF.

Input that the SCF provided to the in-session workshop on LTF in 2015

5. At its ninth meeting, the SCF agreed to consider LTF issues in the implementation of its 2015 and 2016 workplans and to provide inputs to the in-session workshops on LTF. Ms. Honkatukia, the co-chair of the SCF, presented the SCF's inputs to the 2015 in-session workshop, focusing on the areas of work of the SCF that are relevant to LTF, namely the 2014 SCF forum on adaptation finance, the 2014 BA and the fifth review of the Financial Mechanism.⁸

⁵ <<http://unfccc.int/8138.php>>.

⁶ Summary and recommendations by the SCF on the 2014 biennial assessment and overview of climate finance flows, available at: <<http://bit.ly/1zQsYAD>>.

⁷ Ibid.

⁸ Slides can be found at: <http://unfccc.int/files/cooperation_support/financial_mechanism/long-term_finance/application/pdf/scf_input_to_ltf.pdf>.