

Thirteenth meeting of the Standing Committee on Finance Bonn, Germany, 18–20 July 2016

Background paper on the 2017 forum of the Standing Committee on Finance

Proposed actions by the Standing Committee on Finance

The Standing Committee on Finance will be invited to engage in initial discussions on the substantive focus of its 2017 forum with a view to:

- a) Agreeing on one or more options for the possible topic of its 2017 forum as appropriate;
- b) Agreeing on how to present the outcome of its discussions to COP 22;
- c) Establishing a working group, including designation of co-facilitators, to expedite organizational work in 2017 upon guidance by COP 22.

I. Actions for consideration by the SCF

1. Pending further guidance by the COP, the SCF may wish to engage in substantive discussions on potential topics and themes for its 2017 forum, with a view to identifying one or more options for the topic of the 2017 forum. In doing so, the SCF may take into consideration its four core functions,¹ the existing workplan of the SCF for 2017 as endorsed by COP 21,² as well as the outcome of the Paris Agreement (decision 1/CP.21). Furthermore, the SCF may wish to take into consideration upcoming deliberations of Parties during the twenty-second session of the Conference of the Parties (COP 22), with regard to, for example, long-term climate finance, which may result in the identification of specific topics to be covered by future in-session workshops and/or the next high-level ministerial dialogue.
2. As basis for its discussions on possible topics for the next forum, the SCF may first wish to take deliberate on the overall objective of the forum, taking into consideration three possible, but not mutually exclusive approaches, bearing in mind that the choice of objective of the forum may have an implication on the topic, as well as the actual organization of the forum. Furthermore, in deliberating on the objective, the SCF may wish to also bear in mind the desired outcome of the forum, as well as possible target stakeholders. The following are three possible approaches that the SCF may wish to consider in determining the objective – and in turn the topic – of the forum, noting that elements of each approach could be integrated in the setup of the forum should the SCF explicitly decide in favour of one approach:
 - a. *Bridge-building approach:*
 - i. In line with the mandate provided by the COP,³ the main objective of the forum could be to take on a bridge-building function, mainly offering the space to bring together Convention and non-Convention stakeholders to deliberate on specific climate finance issues;
 - ii. Possible topics following this approach may include matters related to Article 2.1(c) of the Paris Agreement: e.g. reorientation of finance flows consistent with pathway towards low greenhouse gas emissions and climate-resilient development; the link between the 1.5°C degree temperature goal and climate finance; the necessary paradigm shift; needs-related aspects;

¹ 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 of support provided to developing country Parties.

² As contained in annex X of document FCCC/CP/2015/8.

³ I.e. for the forum to serve the communication and continued exchange of information among bodies and entities dealing with climate change finance in order to promote linkages and coherence, as well as to enable all Parties and stakeholders to, inter alia, exchange ideas on scaling up climate finance, and the encouragement to the SCF to facilitate the participation of the private sector, financial institutions and academia in the forum.



- iii. The forum would therefore contribute to an increased understanding and exchange of information among the different stakeholders involved in (climate) finance. In light of the fact that the SCF forum is one of the few venues Parties can avail themselves of in reaching out to and engaging with external stakeholders, this alone may already be an important outcome, even if possibly not resulting in concrete actionable recommendations by the SCF to the COP;
 - b. *Operational approach:*
 - i. The objective of the forum would be to look into concrete technical or operational issues related to climate finance, such as issues around the operation of the Financial Mechanism of the Convention and climate change funds, access to climate finance and the delivery of climate finance;
 - ii. Following this approach, possible topics may include:
 1. Matters related to access: e.g. enhancement of access to climate finance; harmonization of procedures, etc.; complementarity;
 2. Matters related to effectiveness and impact: e.g. enhancing the effectiveness and impact of climate finance;
 - iii. Possible outcomes include recommendations for consideration by the COP which could serve as inputs to guidance to the operating entities or the review of the Financial Mechanism;
 - c. *Thematic approach:*
 - i. In line with previous forums, the objective would be to consider specific climate finance theme as a focus;
 - ii. Following this approach, possible topics may include:
 1. Matters related to (I)NDC: e.g. financing to support (I)NDC implementation;
 2. Matters related to capacity-building: e.g. enhancing financing to develop long-term and sustainable capacity in developing countries to meet the challenges of climate change.
 - iii. Similar to the operational approach, a possible outcome of this approach could be specific recommendations to be provided by the SCF to the COP. This could easily be translated into specific decisions to be taken by Parties, e.g. as part of guidance to the operating entities;
3. The SCF may also wish to agree on how to present the outcome of its discussions on this subject matter, i.e. what information to include in its report to the twenty-second session of the Conference of the Parties (COP 22), options for which could include:
 - a. To include one or more concrete options for topics in its SCF report to COP 22, for consideration and/or endorsement by the COP;
 - b. To inform COP 22 that the SCF will continue its deliberations on the 2017 topic at the beginning of 2017. This, however, would in turn entail that the chosen topic, due to timing issues, would not be approved by the COP; or
 - c. Should the SCF not be able to decide on one or more topics, the SCF may wish to seek guidance from COP 22 on the actual topic for 2017.
4. In order to expedite work on the organization of the 2017 forum, and in light of lessons learned from the past forums which showed the advantage of early preparations, the SCF may wish to form a working group, including designation of co-facilitators, for the 2017 forum. This would allow for the working group and its co-facilitators, in close cooperation with the secretariat, to already prepare inter-sessionally for the first meeting of the SCF in 2017 based on the guidance received from COP 22.

II. Background

5. COP 17 agreed on the functions and activities of the Standing Committee on Finance (SCF), including the organization of a forum for the communication and continued exchange of information among bodies and entities dealing with climate change finance in order to promote linkages and coherence.
6. Parties, at COP 18, looking forward to the creation of the climate finance forum which will enable all Parties and stakeholders to, inter alia, exchange ideas on scaling up climate finance, welcomed the

work on the forum of the SCF and encouraged the SCF to facilitate the participation of the private sector, financial institutions and academia in the forum. COP 18 also requested the SCF to report on the forum in its annual reports to the COP.

7. In response to these mandates, the SCF engaged in substantive discussions on how best to organize the forum, based also on submissions made by SCF members,⁴ as well as the deliberations during its second⁵ and third meeting.⁶ On the basis of this, the SCF focused its first forum (2013) on "Mobilizing Finance & Investment for Climate Action Now".
8. COP 19 and COP 20 provided guidance to the SCF with regard to the thematic focus of its forum, which led to:
 - a. The second forum (2014) focusing on: "Mobilizing Adaptation Finance";
 - b. The third forum (2015) focusing on: "Enhancing Coherence & Coordination of Forest Financing";
 - c. The fourth forum (2016) focusing on: "Financial instruments that address the risks of Loss and Damage".

⁴ Contained in document SC/2013/3/MISC.2/Rev.1.

⁵ See document SC/2012/2/4.

⁶ See document SCF/2013/3/5.