

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

Background paper on the 2016 forum of the SCF

Proposed actions by the Standing Committee on Finance

The Standing Committee on Finance will be invited to:

- a) Finalize and agree on the draft programme for the 2016 forum;
- b) Provide guidance on concrete outreach activities and possible next steps ahead of the forum;
- c) Initiate discussion on how the outcomes of the forum will be presented in the SCF report to COP22.

I. Actions for consideration by the SCF

1. The SCF will be invited to consider the latest draft programme, with a view to finalizing the programme during this meeting. This could include, for example, agreeing on the themes and guiding questions for each session and identifying possible resources persons, with the aim of publishing the draft programme at least four weeks prior to the forum.¹
2. In order to further advance the preparations for the forum, the SCF may wish to agree on outreach activities and possible next steps ahead of the SCF forum.
3. Based on the experience and practice of the 2015 forum, the SCF may also wish to initiate discussions on how the outcomes of the forum will be presented in the main body of the SCF report to COP22. The SCF may consider following the practice from previous years whereby a draft summary of the forum including conclusions and recommendations will be prepared by the co-facilitators, with the support of the secretariat, to be considered during the 14th meeting of the SCF and annexed to the annual report of the SCF to COP22.

II. Background

4. At its 11th meeting, the SCF decided to dedicate its 2016 forum on “*financial instruments that address the risks of loss and damage associated with the adverse effects of climate change*”, in response to the invitation by the Executive Committee on the Warsaw International Mechanism for loss and damage associated with climate change impacts (Executive Committee), as outlined in Action Area 7 of the workplan of the Executive Committee. Mr. Richard Sherman and Mr. Stephan Kellenberger were appointed as co-facilitators to support the preparations of the forum.
5. During the 12th SCF meeting, the agenda item on the 2016 forum was introduced and discussed in two breakout group sessions.² SCF members were invited to consider the inputs received in response to its call for inputs on the forum³ and to engage on the draft concept note of the forum as contained in annex I of document SCF/2016/12/5. Mr. Gottfried von Gemmingen, member of the Executive

¹ In order to advance the draft programme as much as possible before the 13th meeting of the SCF, it is not included in this background document. It will be sent to SCF members and published on the SCF website shortly before the 13th SCF meeting. It will be available at: <<http://unfccc.int/6881.php>>

² The outcomes of the breakout group discussions were presented to the SCF for its consideration and can be accessed at <<http://unfccc.int/6881.php>>

³ The SCF issued a call for inputs on the scope and purpose of the 2016 SCF forum and on potential institutions/events to partner with in the organization of the forum. The inputs received are available at: <http://unfccc.int/9410.php>. A total of 16 inputs were received from SCF members and interested stakeholder organizations. One input was for consideration by the SCF only and therefore is not available on the SCF website.



Committee, also provided an input⁴ to the SCF and participated in the discussions. With respect to participation in meetings of the Executive Committee, co-facilitators also attended virtually in the second and third meeting of the Executive Committee in February and April. The co-facilitators shared updates on the work related to the forum and engaged with the Executive Committee on its possible contribution to the work on the SCF forum.

6. During the discussions at the 12th meeting of the SCF there was a general understanding that definitional issues should be avoided and that the forum should focus on the mandate from the Executive Committee. Some participants also expressed their views on the need to frame the discussions at the forum around understanding the risks of loss and damage, particularly in the context of comprehensive risk management approaches. There was also an overall acceptance of the draft objectives of the forum with some comments expressed by participants. The co-facilitators took into account the views expressed in the breakout groups and prepared revised objectives, which were adopted by the SCF in its 12th meeting. The agreed objectives of the 2016 forum are included in annex I of this document.
7. In addition, the SCF decided at its 12th meeting that the co-facilitators and the working group, with the support of the secretariat, would prepare a draft programme for the forum, taking into consideration views expressed during the meeting, for consideration by the SCF at its 13th meeting. Accordingly, a draft programme was developed by the co-facilitators, with support of the secretariat, and shared with the working group for feedback on 24 June. It was further circulated to SCF members on 5 July for initial feedback prior to the 13th meeting of the SCF.
8. Regarding the forum venue, several views were expressed during the 12th SCF meeting on the different options identified by the co-facilitators captured in annex III of document SCF/2016/12/5 in terms of administrative arrangements, thematic focus of partner institution, and target audience. There was a common understanding that additional information was needed in order for the SCF to be in the position to make an informed decision on the forum venue. The SCF requested the co-facilitators with the support of the secretariat to collect this additional information and to make a decision inter-sessionally on the forum venue.
9. Based on the further assessment as requested by the SCF and following a joint conference call on 7 June between the SCF co-chairs and co-facilitators of the 2016 forum, it was proposed to hold the 2016 forum as a stand-alone event in collaboration with the Asian Development Bank (ADB) in Manila (5-6 September). The proposed venue was circulated to the SCF on a non-objection basis with a deadline of 15 June and finally adopted by the SCF.

⁴ Available at:

<http://unfccc.int/files/cooperation_and_support/financial_mechanism/standing_committee/application/pdf/scf_12_6_april_1000hrs.pdf>

Annex I: Draft concept note for the 2016 forum⁵

Date: 5-6 September 2016

Venue: Headquarters of the Asian Development Bank (ADB), Manila, Republic of the Philippines

Attendance: Up to 150 attendees expected

In 2016, the Standing Committee on Finance (SCF) will dedicate its forum to the theme of *financial instruments that address the risks of loss and damage associated with the adverse effects of climate change*. This is in response to the invitation by the Executive Committee of the Warsaw International Mechanism for Loss and Damage associated with climate change impacts (the Executive Committee), as included in the action area 7e) of its initial 2-year workplan.

1. Objectives

a. Overall objective

To discuss and share information, knowledge and good practices, among expert organizations (both public and private), practitioners and UNFCCC stakeholders, on financial instruments and tools that address the risks of loss and damage associated with the adverse effects of climate change⁶ with a view to identifying possible conclusions and/or recommendations on the possible next steps.

b. Specific objectives

1. To enhance understanding of existing financial instruments that address the risks of loss and damage across different levels (e.g. local, national, regional and international) and sectors including both the public and private sectors.
2. To generate practical insights on how various financial instruments are structured and operate across types and aspects of loss and damage (for example in the context of rapid or sudden-onset events, slow-onset events, and economic vs. non-economic losses), how they can be more effective and address the most vulnerable countries, populations and the ecosystems they depend on, by sharing case-studies and learning from experiences of countries and finance providers.
3. To explore limits, gaps, benefits and good practices from the existing financial instruments, looking also at what types and aspects of loss and damage are not covered by existing financial instruments, or what types and aspects are covered by other fora, so as to identify further action and/or research that need to be undertaken in this respect.
4. To identify challenges and opportunities for scaling up and replicating good practices on financial instruments and tools across different areas, regions or contexts, including promote potential innovative financial instruments.

2. Scope and topics

The forum will map out and identify the different financial instruments along a “risk continuum” (including, for instance, risk avoidance, risk reduction, risk internalization, risk transfer) in order to ensure comprehensive coverage of the topic. The forum will also generate insights, lessons learnt and gaps that exist for some specific instruments by looking at practical examples and country case-studies.

⁵ The concept note takes into account the inputs received on the scope and the purpose of the forum, in response to a call for input by the SCF. The inputs are available at: <http://unfccc.int/9410.php>

⁶ In the context of Action Area 7 of the initial workplan of the Executive Committee of the Warsaw International Mechanism for loss and damage, which is to encourage comprehensive risk management by the diffusion of information related to financial instruments and tools that address the risks of loss and damage associated with the adverse effects of climate change to facilitate finance in loss and damage situations in accordance with the policies of each developing country and region, taking into account the necessary national efforts to establish enabling environments. These financial instruments and tools may include: comprehensive risk management capacity with risk pooling and transfer; catastrophe risk insurance; contingency finance; climate-themed bonds and their certification; catastrophe bonds; and financing approaches to making development climate resilient, among other innovative financial instruments and tools.

The forum also intends to stimulate discussion on the roles of the different actors and institutions engaged in designing, deploying and optimizing effective financial instruments and tools that address the risks of loss and damage, so as to enhance the overall coordination. To this end, the forum will contribute to take stock of existing efforts with the view to generating possible conclusions with regard to future action and next steps.

3. Organization of the forum

- Stand-alone SCF forum in collaboration with the Asian Development Bank (ADB) and the Government of the Philippines, 5-6 September
- The forum will have a two-day format. It will incorporate plenary sessions, roundtable discussions, and breakout group sessions. Possibilities for virtual participation and webcast.
- Facilitators will be chosen to facilitate different sessions and breakout groups. Practitioners will be invited to exchange experiences and case studies, as both presenters and as participants in the breakout group discussions.
- Session briefs will be drafted for each session, laying out the expectations and the guiding questions.

4. Target audience

- The forum will ensure participation by relevant experts and institutions including, inter alia, representatives from risk pooling facilities and initiatives, donor agencies, development banks, private sector entities, relevant constituted bodies under the UNFCCC, United Nations organizations, climate service providers, academia and the civil society.
- Balanced participation from experts both developed and developing countries is important and will be ensured.

5. Draft outcome and reporting

- A summary report of the forum will be produced after the forum, for consideration by the SCF at its subsequent meeting, with a view to identifying possible conclusions/recommendations to the COP, as appropriate.