Standing Committee on Finance

Eleventh meeting of the Standing Committee on Finance
Bonn, Germany, 26–28 October 2015

Draft report

Attendance
Mr. Stefan Agne
Ms. Diann Black-Layne
Mr. Jozef Buys
Ms. Sarah Conway
Ms. Kate Dowen
Ms. Outi Honkatukia (Co-Chair)
Mr. Yorio Ito
Mr. Stephan Kellenberger
Mr. Hussein Alfa (Seyni) Nafo (Co-Chair)
Mr. Kyekyeku Yaw Oppong-Boadi
Mr. Paul Herbert Oquist Kelley
Ms. Rajasree Ray
Mr. Ayman Shasly
Mr. Richard Sherman
Ms. Suzanty Sitorus
Mr. Mark Storey

Absent with apologies
Mr. Georg Børsting
Mr. Roger Dungan
Ms. Edith Kateme-Kasajja

1. Opening of the meeting
1. The eleventh meeting of the Standing Committee on Finance (SCF) was opened at 9.15 a.m. on Monday, 26 October 2015.

2. Organizational matters
   (a) Adoption of the agenda
2. The SCF adopted the agenda for the meeting, as contained in document SCF/2015/11/1.
   (b) Organization of the work of the meeting
3. The SCF took note of the proposed tentative schedule and the order of work for the meeting, as outlined in the annex to document SCF/2015/11/2.

3. Report of the Standing Committee on Finance to the twenty-first session of the Conference of the Parties
4. The SCF took note of the zero draft outline of the SCF annual report to the Conference of the Parties (COP) containing the key structural elements of the report. The SCF members decided on the timeline for the completion of the report. It was agreed that following a round of review by SCF members, the secretariat would circulate the report on Monday, 9 November, on a no-objection basis.
4. **Forum of the Standing Committee on Finance**

(a) **Outcomes of the 2015 Forum of the Standing Committee on Finance and the work on coherence and coordination: financing for forests, taking into account different approaches**

**Proceedings**

5. The agenda item was introduced in the plenary session and the SCF was asked to consider document SCF/2015/11/3, including a draft summary report on the third SCF forum. In addition, a representative of the Food and Agriculture Organization of the United Nations (FAO) presented to the members the outcomes of the fourteenth World Forestry Congress, with which the third SCF forum was held in conjunction. The SCF welcomed the presentation and expressed its appreciation to FAO for its cooperation in organizing the third forum.

6. The agenda item was then taken up in a breakout group facilitated by the co-facilitators, Mr. Stefan Agne and Mr. Raymond Landveld, with a view to finalizing the summary report and agreeing on conclusions and recommendations from the forum, and possible follow-up activities in 2016.

7. The outcomes of the breakout group discussions were presented to the SCF for its consideration. The report of the breakout group on this agenda item is contained in annex I.

**Outcomes**

8. The SCF finalized the summary report and decided to include it in its report to COP 21, including the conclusions and recommendations from the forum. The SCF also agreed on the follow-up activities that it will undertake in 2016 to improve the coherence and coordination of forest finance.

**Next steps**

9. The summary report on the third SCF forum, conclusions and recommendations from the forum and follow-up activities in 2016 will be incorporated into the report of the SCF to COP 21.

(b) **2016 Forum of the Standing Committee on Finance**

**Proceedings**

10. The SCF considered document SCF/2015/11/4. The agenda item was introduced in the plenary session and discussed in a breakout group led by Mr. Stephan Kellenberger and Mr. Richard Sherman. The SCF considered the invitation of the Executive Committee of the Warsaw International Mechanism for Loss and Damage associated with Climate Change Impacts (the Executive Committee) to dedicate its 2016 forum to financial instruments that address the risks of loss and damage associated with the adverse effects of climate change.

11. One member of the Executive Committee, Mr. Gottfried von Gemmingen, participated in the plenary discussion and addressed the SCF on the above-mentioned invitation. The SCF thanked Mr. von Gemmingen for his participation and invited him to inform the Executive Committee that the SCF looks forward to the collaboration between the two bodies in the future.

12. The outcomes of the breakout group discussions were presented orally by the co-facilitators for consideration by the SCF and are summarized in annex II.

**Outcomes**

13. The SCF agreed to respond positively to the invitation of the Executive Committee and decided that its 2016 forum will focus on the issue of financial instruments that address the risks of loss and damage associated with the adverse effects of climate change.

14. The SCF recognized that further work needs to be done in terms of the forum’s scope and purpose and emphasized the relevance of the forum for the 2016 biennial assessment and overview of climate finance flows. Furthermore, the SCF established a working group, led by Mr. Kellenberger and Mr. Sherman, to start the preparatory work for the forum.

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1 Action area 7 of the initial workplan of the Executive Committee includes an invitation to the SCF in the context of its next biennial assessment overview of climate finance flows, to include information on financial instruments that address the risks of loss and damage associated with the adverse effects of climate change. See document FCCC/SB/2014/4, annex II.
Next steps
15. The outcome of the deliberations of the SCF on this matter will be incorporated into its report to the COP.

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

Proceedings
16. The SCF took note of document SCF/2015/11/5 and two accompanying documents. The agenda item was introduced and discussed further in a breakout group facilitated by Ms. Diann Black-Layne and Mr. Jozef Buys. Discussions focused mainly on the development of two draft decisions, one on draft guidance to the Green Climate Fund and one on draft guidance to the Global Environment Facility, as well as on the frequency of guidance to be provided to the Financial Mechanism. Owing to time constraints, the compilation and analysis of past guidance provided and the development of a draft set of core guidance to the operating entities of the Financial Mechanism were only briefly discussed. The outcomes of the breakout group discussions were presented to the SCF for its consideration. The report of the breakout group on this agenda item is contained in annex III.

Outcomes
17. Based on the discussions that took place in the breakout group on draft guidance to the operating entities of the Financial Mechanism, the SCF agreed on a set of recommendations to be included in its report to COP 21. The recommendations refer to:
   a) The issue of frequency of guidance to be provided to the Financial Mechanism;
   b) The provision of draft guidance to the operating entities of the Financial Mechanism at COP 21;
   c) The compilation and analysis of past guidance provided, including the development of a draft set of core guidance to the operating entities of the Financial Mechanism.

18. The recommendations and the draft decisions as agreed upon by the SCF are contained in the report of the breakout group on this agenda item, including its two annexes, as contained in annex III.

Next steps
19. The SCF recommendations, including the two draft decisions, will be incorporated into the SCF report to COP 21.

6. MRV of support beyond the biennial assessment and overview of climate finance flows

Proceedings
20. The SCF took note of document SCF/2015/11/6. This agenda item was introduced in the plenary session and further discussed in a breakout group. The outcomes of the breakout group discussions were presented to the SCF for its consideration and are contained in annex IV.

Outcomes
21. Based on the discussions that took place in the breakout group, the SCF agreed on a set of recommendations on methodologies for reporting financial information for inclusion in its report to COP 21. These recommendations are contained in the reports of the breakout group on this agenda item in annex IV.

22. The SCF also agreed on its workplan on the measurement, reporting and verification (MRV) of support beyond the biennial assessment and overview of climate finance flows (2016–2017) for inclusion in its report to COP 21. The workplan is contained in annex IV.

Next steps
23. The recommendations on methodologies for reporting financial information and the workplan on MRV of support will be incorporated into the SCF report to COP 21.

Available at <http://unfccc.int/6881.php>.
7. **2016 biennial assessment and overview of climate finance flows**

**Proceedings**

24. The SCF took note of document SCF/2015/11/7. This agenda item was introduced in the plenary session and further discussed in a breakout group. The outcomes of the breakout group discussions were presented to the SCF for its consideration. The report of the breakout group on this agenda item is contained in annex V.

**Outcomes**

25. Based on the discussions that took place in the breakout group, the SCF agreed on an outline and indicative timeline for the preparation of the 2016 biennial assessment and overview of climate finance flows for inclusion in its report to COP 21. The outline and timeline are contained in the appendices to annex V.

**Next steps**

26. The outline and indicative timeline for the 2016 biennial assessment and overview of climate finance flows will be incorporated into the SCF report to COP 21.

27. The co-facilitators, with the support of the secretariat, will take forward the technical work as outlined in the indicative timeline.

8. **Institutional linkages and relations between the Adaptation Fund and other institutions under the Convention**

**Proceedings**

28. The SCF took note of document SCF/2015/11/8. This agenda item was introduced in the plenary session and discussed in a breakout group facilitated by Mr. Richard Sherman and Mr. Mark Storey. The breakout group considered the draft recommendations highlighted in the revised working document prepared by the secretariat. The outcomes of the breakout group discussions presented at the plenary session are contained in annex VI.

**Outcomes**

29. Based on the discussions that took place in the breakout group, the SCF agreed on the conclusions and recommendations to include in its report to COP 21; these can be found in the appendix to annex VI. The SCF identified a number of ongoing processes that may have implications for the definition of linkages between the Adaptation Fund and other institutions under the Convention and, therefore, agreed to request the COP to consider asking the SCF to continue its work on this matter after COP 21. Additionally, the SCF agreed to inform the COP about the options for recommendations on such linkages, including those options on which the Committee did not reach consensus.

**Next steps**

30. The outcome of the deliberations of the SCF on this matter will be incorporated into the SCF report to COP 21.

9. **Other matters**

(a) **Date and venue of the next meeting**

31. Options regarding dates in 2016 for the twelfth meeting of the SCF and its thirteenth and fourteenth meeting were presented. The Co-Chairs will consult with members in order to finalize the meeting dates prior to the twelfth meeting of the SCF.

(b) **Report of the eleventh meeting of the Standing Committee on Finance**

32. The SCF agreed to adopt the report on its eleventh meeting of the SCF intersessionally.

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33. The timeline for work to be undertaken in advance of the twelfth meeting of the SCF can be found in annex VII.

34. The list of participants at the eleventh meeting of the SCF can be accessed on the UNFCCC website.

10. **Closure of the meeting**

35. The eleventh meeting of the SCF was closed at 3.30 p.m. on Wednesday, 28 October 2015.
Annex I: Report of the breakout group on the 2015 Forum of the Standing Committee on Finance: financing for forests, taking into account different policy approaches

Outcome(s) of the discussions

1. Eight SCF members and ten observers participated in the breakout group.
2. The co-facilitators presented the key highlights from the forum. Participants of the breakout group noted that 2015 SCF forum was a useful step in enhancing coherence and coordination of forest finance, through facilitation of discussions among various stakeholders and sharing of experiences and lessons learnt.
3. Co-facilitators invited the participants to consider the draft summary report, which would be included in the SCF report to COP 21. During this discussion, SCF members and observers provided some textual inputs discussed and considered in a revised version of the draft.
4. The breakout group discussed what could be the conclusions and recommendations from the forum. On that basis, the co-facilitators proposed draft elements of conclusions and recommendations for the consideration of the breakout group.
5. The breakout group also discussed about what follow-up activities the SCF could undertake in 2016, relating to its mandate on improving coherence and coordination of forest finance. The group agreed that the SCF should continue to build upon the rich discussions that took place at this year's forum. In undertaking any technical work related to forest finance in 2016, the breakout group agreed that SCF has to be mindful of its 2016–2017 workplan and its available resources and capacity.

Agreements reached

6. The breakout group agreed on draft conclusions and draft recommendations to the COP, to be considered and endorsed by the SCF, as contained in annex I of this note.
7. The breakout group also agreed on draft follow-up activities in 2016 to be considered and endorsed by the SCF, also as contained in appendix I of this note.
8. The breakout group further agreed on the draft summary report on the 2015 SCF forum to be considered and endorsed by the SCF. The draft summary report can be found in appendix II of this note.

Next steps:

9. As for the next steps, the breakout group agreed on the following:
   (a) The draft summary report, as annexed to this note, will be included in the SCF report to COP 21. Agreed conclusions will be inserted into the executive summary.
   (b) Agreed recommendations to the COP will be reflected in the SCF report to COP 21.
   (c) The follow-up activities that the SCF agreed to undertake will be reflected in the 2016 SCF workplan, which will be included in the SCF report to COP 21.

Appendix I

1. Conclusions from the 2015 SCF forum

1. The forum focused on the issue of coherence and coordination from a perspective of financing for forests, taking into account different policy approaches.
2. Currently, forest finance is flowing from and through both, public and private sources and channels, for various policy approaches encompassing a mix of different and complementary types of finance. This includes sustainable land-use finance and results-based climate finance. However, flows and financing for REDD-plus requires further clarity, particularly on disbursement.
3. There are gaps in data and information on forest finance flows and there is not a commonly agreed definition of forest finance and what qualifies as forest finance. Information on private finance for forests is scarce and difficult to track.
4. Opportunities for scaling up the mobilization of forest finance can be harnessed by utilizing existing financial instruments and investing in enabling policy frameworks.
5. Global Environment Facility (GEF) has invested more than USD 700 million into sustainable forest management and the REDD-plus incentive mechanism in over 80 countries, leveraging USD 4.6 billion in co-financing from a range of sources. The GEF aims at harnessing multiple benefits from forests and tackling the drivers of deforestation and forest degradation, while supporting the role of forests in national sustainable development plans.

6. Existing public and private resources should be redirected to sustainable land-use practices and forest management. Need to create enabling environments that will promote sustainable investments by domestic and international private and public sector to support the efforts to achieve sustainable land use practices to mitigate and adapt to climate change effects, including sustainable forest management.

7. Policy coherence and coordination between forestry and activities that drive deforestation and forest degradation is key. Policies and fiscal instruments in agriculture, for example, should incentivize sustainable agricultural production techniques with a low / no negative impact on forests. Enhanced cross-sectoral coordination in government and between stakeholders is essential to improve policy coherence and effectively address the drivers of deforestation and forest degradation.

8. REDD-plus finance can be most impactful if it can be aligned with national development policies and priorities, supported by cross-sectoral coordination, involving relevant stakeholders, such as local communities, indigenous peoples and private sector actors.

9. International support is a crucial enabler for preparation and implementation of REDD-plus by developing countries. REDD-plus support should be adequate and balanced across the implementation of the three phases of REDD-plus, in particular phase two. Countries have different capacities and are at different phases of REDD-plus. REDD-plus support should encourage broad participation of all stakeholders and be accessible to recipient countries with balanced distribution.

10. Coherence and coordination should be enhanced among the entities providing finance for REDD-plus, including requirements for accessing results-based finance. In this context, the Warsaw Framework for REDD-plus should guide funding schemes for REDD-plus results-based payments.

11. Regarding the Green Climate Fund (GCF), developing countries are looking forward to receiving more information on the procedure and timeline for consideration of funding proposals for REDD-plus by the GCF, including the results based payments (phase 3).

12. Coherence needs to be ensured between private sector proposals and national REDD-plus strategies.

13. There were different views on how alternative approaches could be defined. Among them, one example could be a holistic approach that builds on synergies and complementarities of benefits brought by forests including for mitigation, adaptation and sustainable development, which takes into account the multi-functional aspect of forests. Financing for alternative approaches can come from public and private sources.

II. Recommendations by the SCF on forest finance

- The SCF highlights the following for consideration by the COP:

1. Invite Parties to ensure policy coherence, coherence of financing instruments and financial incentives and multi-sectoral coordination to address drivers of deforestation and forest degradation, and promote sustainable management of forests;

2. Welcome the investments by the GEF in sustainable forest management and REDD-plus, harnessing multiple benefits from forests and tackling the drivers of deforestation and forest degradation;

3. Encourage entities financing REDD-plus, including the GCF to enhance coordination and exchange of information on the provision of support, including results-based payments guided by the Warsaw Framework for REDD-plus;

4. Encourage the GCF to expedite work on results-based finance in 2016, applying the methodological guidance consistent with the Warsaw Framework for REDD-plus, in order to improve the effectiveness and coordination of results-based finance, as referred to in 9/CP.19, paragraph 7 and report its progress to COP 22;

5. Welcome GCF provisions to provide forest finance in the context of ecosystems based adaptation;

6. Request the GCF to consider, in its work under Private Sector Facility, the mobilization of finance for sustainable land-use practices and sustainable management of forests.
III. Follow-up activities of the SCF in 2016

- To build upon the rich discussions that took place in 2015 SCF forum and the momentum generated, the SCF decides to undertake the following activities, to improve coherence and coordination of forest finance:

1. An overview of forest finance flows in the 2016 Biennial Assessment and Overview of Climate Finance Flows;
2. Consider reaching out to entities financing the activities referred to in decision 1/CP.16, paragraph 70 and other relevant stakeholders working on forest finance to strengthen the coherence and coordination between the forestry sector and sectors that drive deforestation and forest degradation, and in the access to and delivery of support;
3. An SCF side event to be organized in conjunction with an UNFCCC conference session in 2016, to facilitate the interactions among the financing entities providing forest finance;
4. Consideration of the outcomes of above-mentioned activities at the SCF meetings, with a view to preparing SCF recommendations to COP 22 on, inter alia, draft guidance to the operating entities of the Financial Mechanism.

Appendix II

Summary report on the third Standing Committee on Finance Forum on “Enhancing coherence and coordination for forest finance”

I. Introduction

1. The third forum of the Standing Committee on Finance (SCF) took place from 8 to 9 September 2015 at the International Conference Centre, Durban, South Africa. It was organized in conjunction with the 14th World Forestry Congress in collaboration with the South African government and the Food and Agricultural Organization of the United Nations (FAO).

2. The focus of this year’s SCF forum was on issues related to finance for forests, including the implementation of the activities referred to in decision 1/CP.16, paragraph 70 (hereinafter referred to as REDD-plus), inter alia: (a) ways and means to transfer payments for results-based actions as referred to in decision 1/CP.18, paragraph 29; (b) the provision of financial resources for alternative approaches. The main objective of this year’s forum was ”Enhancing coherence and coordination of forest financing”, in the context of actions addressing mitigation and adaptation to climate change. The forum brought together representatives from Parties, forest and financial institutions, private sector and civil society. They included representatives of governments, multilateral and bilateral financial institutions including operating entities of the Financial Mechanism, think tanks, United Nations Organizations and private sector.

3. The forum focused on the issue of coherence and coordination from a perspective of financing for forests, taking into account different policy approaches, and considering, among others, the importance of forest in the context of sustainable development, multifunctional and cross-cutting nature of forests, diversity of actors involved in forest financing within and beyond the Convention and different circumstances of developing countries involved.

4. The first day of the forum focused on the overview of issues related to forest finance, including the landscape of forest finance, and coherence and coordination of the delivery of forest financing, from the perspectives of both public and private sectors. On the second day, the forum focused on sharing case studies and experiences among the participants, on the two mandated topics, namely on (a) ways and means to transfer payments for results-based actions and (b) the provision of financial resources for alternative approaches. The second day also included discussions on incentives required to achieve sustainable investments, which reduce deforestation and forest degradation, promote sustainable management of forests and enhance forest carbon stocks.

5. Following the practice from last year, the forum took the modality of both plenary sessions and break-out group discussions and there was positive feedback from many participants. During the plenary sessions, scene-setting presentations were given by panelists, followed by open discussions among the participants. In order to enable interactive exchange of ideas, break-out group discussions were held on both days. The discussion leaders and rapporteurs reported back to the plenary at the end of each break-out session and concluding remarks were provided by the co-facilitators.
II. Highlights from the discussions

A. Landscape of forest finance

Scale, sources and instruments

6. Information on the scale and sources of existing forest finance was presented by panelists from think tanks and international organizations, including Climate Policy Initiative (CPI), FAO, Overseas Development Institute (ODI) and United Nations Forum on Forests (UNFF) and the Global Environment Facility (GEF). According to a recent study by CPI, Climate Focus and the European Forest Institute, annual commitments from international public actors1 for land use mitigation and adaptation in 2012–2013 amounted to USD 5.8 billion, including more than USD 1.2 billion flowing to the forest sector to address climate change. CPI noted that while comprehensive data is lacking on domestic public expenditure and private investments in land use mitigation and adaptation, climate finance appears to be a very small portion of the broader financial flows to agriculture and forestry in low and middle income countries, estimated to be in the hundreds of billions, dominated by domestic private and domestic public spending. Existing financial instruments that support sustainable land-use include grants, concessional loans, market rate loans, equity, tax incentives, insurance and guarantees. One panelist mentioned that, taking note of the limited public sources of finance, new and innovative financing instruments are needed to meet the investment needs.

7. Some participants were of the view that the needs of developing countries cannot be met with a single type of forest finance and private finance will play a key role. Other participants were of the view that, while and even though substantial amounts of finance are already flowing for climate change and forests, relatively small amounts are flowing through the operating entities of the Financial Mechanism and overall flows are low compared to needs. In fact, UNFF presented that the required funding for sustainable forest management is between USD 70 and USD 160 billion per year globally.

8. According to FAO, in a national context, forest financing encompasses a mix of different and complementary types of finance – including finance for sustainable land-use and result-based climate finance. Several participants highlighted that finance for REDD-plus alone will not be sufficient for the transformational change in the sector and beyond that is needed to achieve the envisioned long-term cumulative emission reductions. It was indicated that several participants that there is a need to mobilize investments in sustainable forestry and sustainable agriculture in order to reduce the pressure on the forests. Such private sector investments should support the national plans or strategies that are tailored to country-specific circumstances.

9. Regarding the scale and sources of REDD-plus finance, FAO quoted a study published from the ODI, indicating that more than USD 8 billion has been pledged so far on REDD-plus, which mostly comes from public sector sources. However, despite this significant figure, it was pointed out that low and slow disbursement rate can be observed.

10. Financial support for the two first phases of REDD-plus is being provided through various funds and programmes, via bilateral and multilateral channels. For example, panelists from UN-REDD and FCPF shared their experiences in providing REDD-plus support that allows countries to access results-based payments and emphasized the importance of coordination amongst providers of REDD-plus support. Furthermore, pledges to support are being made but not yet disbursed. Other sources of funding that countries are experimenting for REDD-plus include domestic budgets, multiple sources pooled into national forest funds and readiness support including by non-governmental organizations, and voluntary markets. It was highlighted that in many cases the many different sources of REDD-plus finance are duplicative and can represent a challenge for the country to coordinate at national level. Discussions on the role of the Green Climate Fund (GCF) are elaborated in section C below.

11. GEF shared its experience and lessons learnt in providing support for sustainable forest management and REDD-plus. GEF invested more than USD 700 million into sustainable forest management and REDD-plus incentive mechanism in over 80 countries. These investments have leveraged USD 4.6 billion in co-financing, from a range of other sources. Within its sixth replenishment, the GEF reinforced its strategy for sustainable forest management, aiming to harness multiple benefits from forests and tackling the drivers of deforestation and forest degradation, while supporting the role of forests in national sustainable development plans.

12. Participants noted that the UNFF facilitative process is aiming to assist countries to understand the existing funding sources for forests.

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1 Including bilateral donors, development financial institutions and domestic and international climate funds.
Mobilization of scaled-up forest finance

13. With regard to scaling up forest finance, the need for harnessing the existing resources was highlighted. Many noted the importance of leveraging and redirecting the existing capital and investments to contribute to sustainable land-use practices. Some participants also underscored the role of co-financing in further scaling up resources. In addition to these discussions, technical suggestions were made on how to support the mobilization of financial resources for forests, including: enhanced information on the flow of forest finance so as to better inform the decision makers in designing land-use mitigation and adaptation strategies; financial viability analysis; identification of financial instruments to redirect the existing resources to more sustainable practices; encouraging coordination between public policy and financing instruments.

14. Participants also discussed ways to further scale up private finance for forests and referred to the need to redirect large capital seeking risk-adjusted returns to sustainable forest projects. In this regard, conditions needed for scaling up private finance were presented, which include: management of risk; access to finance; and enabling environments and policy frameworks. One panelist presented the usefulness of strengthening public-private partnerships, to exchange knowledge, enhance public awareness, and develop better business models for private sector. Support from public sector to enable private sector involvement, such as through provisions of concessional loans and insurances from bilateral and multilateral sources, can encourage more private sector participation in REDD-plus support. Many agreed that private sector investments can best contribute to protecting forests, if the investment is aligned with government actions for sustainable management of forests.

15. The role of public policies and finance was discussed, as to how it can contribute to make the private investments sustainable in the long-term. Some highlighted that governments should play a leading role in implementing the New York Declaration on Forests, which grew out of dialogue among governments, companies and civil society at the United Nations Secretary General’s Climate Summit in 2014. A number of participants noted the importance of coordination between governments, international organizations and private sector in advancing the objectives outlined in the Declaration.

16. The role of local domestic private sector actors was emphasized. Some participants said governments, when designing sustainable forest management policies, need to take into account the fact that private sector actors are motivated by favorable risk-return profiles. Successful case studies were presented in this regard. One example presented highlighted the importance of using public private partnership to encourage the local private sector to start investing in sustainable forest management. Another example focused on improving access to credits for smallholders, who are facing poor financial infrastructure and high transaction costs. Providing them with favorable long-term capital e.g. with longer maturity or readjusted repayment schedules to productivity cycles, could encourage them to engage in sustainable forest management and, where agriculture drives deforestation, in sustainable agriculture.

17. In relation to financial resources for REDD-plus, several participants raised the importance of predictable and adequate international financial support in preparing and implementing their national REDD-plus strategy. Lack of clarity on the amount and duration of forthcoming financing is a challenge. It was also noted that current financial support for REDD-plus is concentrated more on phase one and phase three, and the need for sufficient and balanced financial support for all three phases was emphasized.

Information gap

18. In the discussions related to the estimates of forest finance flows, participants noted that there are gaps in data and information on forest finance flows. Currently there is no commonly agreed definition of forest finance and what qualifies as forest finance. Information on private finance for forests is largely unavailable due to the difficulty in tracking. Participants mentioned that this poses challenges to governments and investors alike, in acquiring necessary information in designing policies or making investment decisions.

19. Some participants noted that measurement, reporting and verification of support is one of the main functions of the SCF and there are lessons that could be learnt in tracking REDD-plus finance. It was also noted that the Lima Information Hub for REDD-plus could enhance transparency on results-based actions and on corresponding payments.²

² More information on Lima Information Hub can be found at: <http://unfccc.int/7377>.
B. Addressing the drivers of deforestation: opportunities and challenges in forest finance

Coherence of policy and financing instruments across sectors

20. Many participants agreed that policies and investments e.g. in the agriculture sector, should be coherent with policy guidance on sustainable forests and its financing. Agriculture was highlighted as one of the main drivers of deforestation by a number of participants. Some studies have shown that up to 80% of global deforestation occurs as result of agricultural practices. In this regard, increasing the scale of national and international resources for forest finance will do little to stop deforestation, unless the key drivers are addressed.

21. In this context, many participants stressed that policy coherence between forestry and sectors that drive deforestation, in particular agriculture, is crucial to achieve a reduction of deforestation and forest degradation. Agricultural policies and financing instruments, such as concessional loans, can encourage agricultural production techniques that reduce the pressure on forests. Another example highlighted was to reduce the policy incentives for drivers of deforestation, or adding fiscal conditions and requirements for subsidies that drive deforestation. One panelist from UNEP-Fi shared recent relevant study by the UN-REDD programme, called "Fiscal incentives for agricultural commodity production: options to forge compatibility with REDD-plus".3

22. During this discussion, some participants suggested that governments should invest in tools to better monitor land-use changes and improve regulatory frameworks. It was also pointed out that, for a transformational consumption pattern of forest products, both supply and demand sides of the drivers of deforestation and degradation should be addressed.

23. Addressing drivers of deforestation requires cross-sectoral cooperation among different institutions, especially between different government ministries. Emphasis was given to the importance of coordinating enabling environments across different sectors to clarify any conflicting regulations, enhancing capacity of relevant institutions, application of common language and generation of comprehensive and accurate data. In this discussion, it was noted that matchmaking is the key to connecting the public and private actors dispersed in regional and sectoral silos. Participants suggested that all countries should be called to enhance their enabling environments so as to encourage their domestic private sector to invest in sustainable forest management.

24. In this context, the importance of scaling up sustainable land-use investments and of redirecting finance towards sustainable land use practices was underscored, which is capable of bringing multiple benefits, including for climate change and forestry. Participants noted that there are opportunities to be harnessed in this regard e.g. pools of assets and investors seeking risk diversification, potential in the growth of green bonds, and scaling up REDD-plus finance with market commitments. It was also noted that there should be a clear business case for investors. During this discussion, some participants underscored the usefulness of designing risk-mitigating or risk sharing instruments and making them accessible to institutional investors. Many participants stressed that local smallholders need to be empowered and supported with favorable financial benefits, so that there is a strong business case for them. It was also pointed out by some participants that land based investments, including forest and through REDD+, should be delivered with a full consideration of social, economic and environmental impacts on the ground and in line with safeguard requirements and national policies. To continue the discussion on this topic, a suggestion was made for the SCF to look into how private finance can be scaled up for forests, based on lessons learnt from other sectors.

Finance for REDD-plus and alternative approaches: enhancing coherence and coordination

25. Participants exchanged views on how to enhance coherence and coordination of finance for REDD-plus and alternative approaches, considering that the forest financing mix of a country consists of different and complementary types of finance e.g. finance for sustainable land-use and REDD-plus finance.

Financial support for different phases of REDD-plus

26. Participants acknowledged existing support for REDD-plus provided by developed countries but pointed out that an important share of international REDD-plus finance is concentrated on a few countries. In order to address these issues, some participants suggested that coordination between providers of REDD-plus finance

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would be useful. In addition, participants mentioned that coordination of REDD-plus finance could aim for, among others, provision of balanced support for all phases of REDD-plus, alignment of different requirements and methodologies required by the providers of finance, especially for phase three.

27. Many participants noted that many countries are currently at different phases of REDD-plus and levels of capacity differ between countries. It was mentioned that programme implementation can be costly and time-consuming, if capacity is not built properly with readiness support. Significant ex-ante funding is required to overcome those barriers, which includes fiduciary capacity.

28. This led to discussions on building the fiduciary capacity of recipient countries and the international support needed. Many highlighted that fiduciary requirements for accessing finance could be challenging for some developing countries, and emphasized that building national fiduciary capacity is important to ensure country-ownership of REDD-plus finance. Some participants from developing countries noted that they need readiness support to build fiduciary capacity as soon as possible, so that their national institutions can be prepared to be accredited to the GCF. In this context, there was general agreement that international support for phase one and two of REDD-plus is the key to unlock the potential for REDD-plus. Other participants suggested that maintaining the linkages between the different phases of the REDD-plus in a country is helpful in attracting financial support from multiple sources.

29. Regarding the role of the GCF, several participants, particularly from developing countries, remarked on the expectation on the GCF to provide funding for the three phases of REDD+ and in accordance with the Warsaw Framework. Funding for readiness (phase one) was especially highlighted, and queries were made to the GCF representative about guidelines for consideration of results-based payments under phase three.

30. The timelines for the GCF to develop and put in place its operational guidelines for results-based payments, as well as more concrete guidance on how it will support REDD-plus activities across the three phases, remained unclear. Some participants noted that the SCF may be in a position to recommend guidance to the COP in this regard.

**REDD-plus strategy and country ownership**

31. In discussing international support for sustainability of REDD-plus actions, participants noted that it is important for a country to have a REDD-plus strategy to first determine what they wish to achieve. Participants also noted that countries with a national forest strategy need to take a holistic approach and should take REDD-plus strategy into consideration, in order to ensure the alignment of different sources of forest finance. It was also mentioned that REDD-plus strategy and the finance associated with it can be most impactful if this is aligned with national development policies and promote engagement of relevant private sector actors. In this context, participants noted the importance of inter-ministerial and sectoral coordination, which requires clear responsibilities and coordination among key actors. It was also mentioned that benefits for each stakeholder have to be communicated in a simple and clear narrative. It was also noted that the design of REDD-plus strategy needs to be tailored and there is no one size that fits all.

32. Under this discussion, it was pointed out that country-ownership is crucial in designing the REDD-plus strategy and the associated financing structure. The financing structure for their national REDD-plus strategy needs to be designed according to each country’s existing financial architecture. Some participants were of the view that this should be considered at an early stage, as retrofitting the institutions and frameworks at the later stage could be challenging. Many agreed that sharing the lessons learnt in developing such strategy and financial architecture would be useful. Some participants mentioned that co-benefits of REDD-plus, such as non-carbon benefits, contribute to development and enhance country ownership.

**National REDD-plus / climate change funds**

33. Participants also shared their views and experiences regarding national REDD-plus funds or other national climate change funds. In establishing a national REDD-plus fund, some suggested using existing legal frameworks, financial structures, funds and institutions, as this could be less resource intensive than creating the fund from the beginning. Design of the REDD-plus fund should take into account the needs of recipient countries and the requirements of contributing countries. Other ideas shared in this discussion include: the need for the national REDD-plus fund to be flexible in choosing the most suitable actor in order to make better use of resources; definition and selection of best type of actors to implement the policies and measures; using the REDD-plus fund as the hub to scale up and coordinate the activities at sub-national levels.
**Engagement of private sector in REDD-plus**

34. Participants discussed opportunities and challenges in engaging the private sector in REDD-plus. The role of private sector was underscored more for phase two of REDD-plus, because of the larger scale of potential resources that can be unlocked. However, relatively smaller amount of international support provided for phase two, more through bilateral channels than multilateral ones, is posing some challenges to countries in implementing the REDD-plus programmes. Some solutions were suggested to scale up private investments in REDD-plus, such as public-private partnerships and co-financing schemes, which could also bring better coordination among public and private sector and enhanced information sharing. In this context, it was also mentioned that, currently, private sector actors are not well informed about REDD-plus or about sustainable investment in forestry and agriculture, and participants agreed that governments need to engage more with private sector, in their efforts to coordinate among different stakeholders.

**Enhancing coherence and coordination for results-based payments**

35. Participants discussed opportunities and challenges regarding results-based payments. Many agreed that results-based payments backed by international financial support can be an effective means to finance innovative measures, which could not have been financed otherwise domestically. Successful cases could inform domestic policies and be replicated through local actors. In this discussion, the importance of scaled-up financial support for phase three and harmonization among the providers of results-based payments was highlighted.

36. With regard to the potential role of the SCF in its work on coherence and coordination, there was a suggestion that the SCF could facilitate the sharing of country experiences on accessing the results-based payments with financing entities, including the GCF.

37. A number of participants acknowledged that the Warsaw Framework for REDD-plus provides the guidelines for the delivery of results-based payments and this should be considered as the basis for result-based payment mechanisms. They emphasized that financing entities, including the GCF, should apply the guidance as per 9/CP.19, and results-based payment mechanisms that have been set up before the adoption of Warsaw Framework should revisit their methodological framework, in order to ensure coherence with other institutions. Some participants indicated that there are areas where guidelines for results-based payment does not exist (e.g. ensuring coherence between private proposals and national REDD-plus strategies within the Private Sector Facility of the GCF), and these guidelines have to be discussed, ensuring country ownership and involvement of national stakeholders. Some suggested that the SCF could play a facilitating role in ensuring communication and linkages between the providers of results-based payments for harmonization of guidelines and methodologies.

**Financial resources for alternative approaches**

38. Discussions were also held on the provision of financial resources for alternative approaches. There were different views on how alternative approaches could be defined. There were different views on how alternative approaches could be defined. Participants generally agreed that alternative approach could be considered as a holistic approach that builds on synergies and complementarities of benefits brought by forests including for mitigation and adaptation, which takes into account the multi-functional aspect of forests. In comparison to REDD-plus, which is more focused on the aspect of mitigating carbon emissions, taking into account non-carbon benefits, some participants considered alternative approaches as achieving both mitigation and adaptation goals with ex ante financial support, which is conducive to achieving the objectives of the UNFCCC. There was recognition of joint mitigation and adaptation approaches for the integral and sustainable management of forests, which is referred to in numerous COP decisions since 2010.

39. As for financial resources for alternative approaches, participants recognized that a number of COP decisions encourage provision of financial resources for different policy approaches, allowing countries to harness multiple benefits of forests according to their national circumstances e.g. mitigation, adaptation and non-carbon benefits. They also recognized that financing for alternative approaches can come from public and private sources. Some participants were of the view that innovative financing mechanism, such as green bonds, could be one way to scale up business investments in forest projects. It was mentioned that synergetic financial solutions could scale up the support for alternative approaches and there are lessons to be learnt from other policy approaches, such as payment for ecosystem approach. In addition to this, the importance of setting up conducive enabling environment for private investments was emphasized.
III. Conclusions

40. The forum generated new insights on the issue of forest finance and brought together a number of important stakeholders. Options to enhance coherence and coordination, both from contributors and recipients’ ends, were discussed.

41. The forum focused on the issue of coherence and coordination from a perspective of financing for forests, taking into account different policy approaches.

42. Currently, forest finance is flowing from and through both, public and private sources and channels, for various policy approaches encompassing a mix of different and complementary types of finance. This includes sustainable land-use finance and results-based climate finance. However, flows and financing for REDD-plus requires further clarity, particularly on disbursement.

43. There are gaps in data and information on forest finance flows and there is not a commonly agreed definition of forest finance and what qualifies as forest finance. Information on private finance for forests is scarce and difficult to track.

44. Opportunities for scaling up the mobilization of forest finance can be harnessed by utilizing existing financial instruments and investing in enabling policy frameworks.

45. Global Environment Facility (GEF) has invested more than USD 700 million into sustainable forest management and the REDD-plus incentive mechanism in over 80 countries, leveraging USD 4.6 billion in co-financing from a range of sources. The GEF aims at harnessing multiple benefits from forests and tackling the drivers of deforestation and forest degradation, while supporting the role of forests in national sustainable development plans.

46. Existing public and private resources should be redirected to sustainable land-use practices and forest management. Need to create enabling environments that will promote sustainable investments by domestic and international private and public sector to support the efforts to achieve sustainable land use practices to mitigate and adapt to climate change effects, including sustainable forest management.

47. Policy coherence and coordination between forestry and activities that drive deforestation and forest degradation is key. Policies and fiscal instruments in agriculture, for example, should incentivize sustainable agricultural production techniques with a low / no negative impact on forests. Enhanced cross-sectoral coordination in government and between stakeholders is essential to improve policy coherence and effectively address the drivers of deforestation and forest degradation.

48. REDD-plus finance can be most impactful if it can be aligned with national development policies and priorities, supported by cross-sectoral coordination, involving relevant stakeholders, such as local communities, indigenous peoples and private sector actors.

49. International support is a crucial enabler for preparation and implementation of REDD-plus by developing countries. REDD-plus support should be adequate and balanced across the implementation of the three phases of REDD-plus, in particular phase two. Countries have different capacities and are at different phases of REDD-plus. REDD-plus support should encourage broad participation of all stakeholders and be accessible to recipient countries with balanced distribution.

50. Coherence and coordination should be enhanced among the entities providing finance for REDD-plus, including requirements for accessing results-based finance. In this context, the Warsaw Framework for REDD-plus should guide funding schemes for REDD-plus results-based payments.

51. Regarding the Green Climate Fund (GCF), developing countries are looking forward to receiving more information on the procedure and timeline for consideration of funding proposals for REDD-plus by the GCF, including the results based payments (phase 3).

52. Coherence needs to be ensured between private proposals and national REDD-plus strategies.

53. There were different views on how alternative approaches could be defined. Among them, one example could be a holistic approach that builds on synergies and complementarities of benefits brought by forests including for mitigation, adaptation and sustainable development, which takes into account the multi-functional aspect of forests. Financing for alternative approaches can come from public and private sources.
Annex II: 2016 Forum of the Standing Committee on Finance

1. The SCF accepted the invitation by the Executive Committee on the Warsaw International Mechanism for loss and damage associated with climate change impacts (Executive Committee), in the context of Action Area 7 of the workplan of the Executive Committee,4 to dedicate its 2016 forum on financial instruments that address the risks of loss and damage associated with the adverse effects of climate change, recognizing that further work needs to be undertaken in terms of the forum’s scope and purpose and emphasizing the relevance of the forum for the 2016 biennial assessment and overview of climate finance flows.

2. The SCF decided to establish a working group on the 2016 forum, co-facilitated by Mr. Richard Sherman and Mr. Stephan Kellenberger (tbc).

3. The SCF decided to launch the work for the preparations of the 2016 forum and requested the co-facilitators, with the support of the secretariat, to undertake inter-sessional work on, inter alia:
   a) A draft concept note for the forum;
   b) An outreach strategy for the forum, including a mapping of the relevant stakeholders;
   c) A screening of possible events and organizations to partner with in the organization of the forum.

4. The SCF agreed to consult with relevant stakeholders, throughout the preparation of the forum, starting at the twenty-first session of the Conference of the Parties in November–December 2015.

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4 FCCC/SB/2014/4, annex II.
Annex III: Report of the breakout group on draft guidance to the operating entities of the Financial Mechanism

Outcome(s) of the discussion

1. On the issue of frequency of guidance to the Financial Mechanism, discussions focused around the three options, including the legal and practical implications of these options, as outlined in the background document (SCF/2015/11/5). Participants raised issues such as the importance of timing and sequencing, particularly in light of the reviews of the Financial Mechanism, the replenishment cycles of the operating entities, as well as related evaluations; the provision of guidance on a more strategic level; the question of whether or not different frequencies for guidance to be provided to the two operating entities would be feasible in light of the different status of operationalization; and ways to improve the reports of the operating entities to the COP. However, the participants could not come to an agreement on either one of the options outlined.

2. Substantive discussions took place on the two draft decisions containing draft guidance to the GEF and the GCF that had been prepared by the co-facilitators. Participants of the breakout group provided various comments, either to indicate that some inputs had not been reflected accurately, or to seek substantive clarifications on some of the inputs provided. Clarifications were also provided on the inputs received from the Adaptation Committee (AC) and the Technology Executive Committee (TEC). Inputs were also provided by the breakout group on the 2015 forum of the SCF. In addition, participants provided various proposals on how to further improve the draft decisions. Based on the discussions, the two draft decisions were further amended in the room to address the technical comments made, where SCF members could agree.

3. With regard to the compilation and analysis of past guidance, and the development of a draft set of core guidance, no substantive discussions took place in light of time constraints, however participants highlighted the importance of this exercise, as well as the need for further work by the SCF on this issue.

Agreements reached in the breakout group

Based on the discussions that took place in the breakout group, the below draft recommendations are proposed for consideration by the SCF:

Frequency of guidance

1. With regard to the issue of frequency of guidance to the Financial Mechanism and the request by COP 20 for the Standing Committee on Finance (SCF) to provide advice on this matter, the COP may wish to take note of the options the SCF has identified in this regard with a view for the COP to take a decision on this matter at a future session:

   a) Guidance to be provided every year;
   b) Guidance to be provided every two years;
   c) Guidance to be provided every four years.¹

2. Further to this matter, the SCF wishes to bring to the attention of the COP that further considerations may be necessary in order to conclude on this issue, taking into consideration, inter alia, issues around:

   a) Timing and sequencing, particularly with regard to the reviews of the Financial Mechanism and replenishment cycles of the operating entities, including related evaluations of the operating entities;
   b) The different stages of operationalization of the operating entities;
   c) Ways to improve the reports of the operating entities to the COP; and
   d) The possibility of providing guidance to the operating entities on a more strategic level.

¹ Further information on the options identified by the SCF, including legal and practical implications for each of those options, are contained in section III of document SCF/2015/11/5, available at: <http://unfccc.int/files/cooperation_and_support/financial_mechanism/standing_committee/application/pdf/item_5_-_background_paper_on_guidance_to_oes_.pdf>.
Draft guidance to the operating entities

3. The SCF recommends that the COP consider the draft decision on draft guidance to the Global Environment Facility (GEF) as contained in annex II, which contains a compilation of submissions made by members of the SCF, as well as the Adaptation Committee (AC) and the Technology Executive Committee (TEC), in its deliberations on the guidance to be provided to the GEF at COP 21. These submissions were technically refined by the SCF, where SCF members could agree, but not negotiated by the SCF.

4. The SCF also recommends that the COP consider the draft decision on draft guidance to the Green Climate Fund (GCF) as contained in annex I, which contains a compilation of submissions made by members of the SCF, as well as the AC and the TEC, in its deliberations on the guidance to be provided to the GCF at COP 21. These submissions were technically refined by the SCF, where SCF members could agree, but not negotiated by the SCF.

Development of a draft set of core guidance to the operating entities of the Financial Mechanism

5. In the context of conducting 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, the COP may wish to take note of the extensive work undertaken and progress made by the SCF. The COP may further wish to take note that additional work by the SCF may be necessary in 2016 in order to:
   a) Further refine the compilation and analysis of past guidance provided; and
   b) Initiate the development of a draft set of core guidance to the operating entities of the Financial Mechanism.

Further to the above draft recommendations, the breakout group conducted considerable work to further refine the draft decisions. The outcome of the discussions with regard to the Green Climate Fund in the form of a draft decision is captured in annex I to this document, and the outcome of the discussions with regard to the Global Environment Facility in the form of a draft decision is captured in annex II to this document. Both documents are being put forward to the SCF for its consideration.

Annex I

Draft decision on the draft guidance to the Green Climate Fund

[The Conference of the Parties,
Recalling decision 7/CP.20,
Taking note of the recommendations of the Standing Committee on Finance contained in its report to the Conference of the Parties with regard to the provision of draft guidance to the Green Climate Fund;
1. Welcomes the report of the Green Climate Fund to the Conference of the Parties and the information contained therein on the progress made by the Green Climate Fund towards its full operationalization;
2. Notes with appreciation the attainment of the effectiveness of the Green Climate Fund;
]


3 The appendix to this draft decision contains further inputs received from members of the SCF, as well as the Technology Executive Committee which Parties may wish to also take into consideration in their deliberations.

4 FCC/CP/2015/4, annex X.

5 As contained in section 3 of document FCC/CP/2015/3.
3. **Welcomes** that the Green Climate Fund is fully operationalized by achieving the 50 per cent threshold required for allocating its resources for projects and programmes;

4. **Welcomes** the allocation of up to USD 900 million to be provided through requests for proposals for pilot programmes in enhanced direct access, engaging micro-, small-, and medium-size enterprises, and mobilizing resources at scale;

5. **Urges** the Board to ensure maximum transparency and fairness, while ensuring a country driven approach, in the selection of pilot programmes and operational entities, underscoring the complementarity between the pilots and other proposals supported by the Fund, and requests the Board to report on the implementation and status of the pilot programmes to the Conference of the Parties at its twenty-second session;

6. **Urges** those Parties that made pledges under the Initial Resource Mobilization process of the Green Climate Fund but have not yet confirmed their pledges to the Green Climate Fund into contributions arrangements/agreements, to do so as a matter of high priority;

7. **Reiterates** the invitation for financial inputs from a variety of sources, public and private, including alternative sources, throughout the initial resource mobilization process, and encourages the Green Climate Fund to complete early in 2016 the policies and procedures to accept financial inputs from non-public and alternative sources;

8. **Urges** the Board to develop a clear pathway to ensure the goal of triggering the first formal replenishment process no later than June 2017, in line with the ongoing process to convert pledges into fully executed contribution agreements as soon as possible;

9. **Urges** the Board to complete the process to appoint the permanent Trustee no later than early 2017 while noting that the interim Trustee has been extended until April 2018;

10. **Welcomes** the decision of the Board to develop a strategic plan for the Board, and urges the Board to adopt this plan as soon as possible and report on its implementation to the twenty-second session of the Conference of the Parties;

11. [Placeholder on the outcomes of the 11th meeting of the Green Climate Fund Board, particularly with regard to the approval of first funding decisions, the initial monitoring and accountability framework, work plan 2016 and the first biennial report on privileges and immunities];

12. **Requests** the Green Climate Fund to review its initial proposal approval process and take steps to improve its functionality for all stakeholders based on its initial experiences;

13. **Urges** the Board to identify and complete the essential components to support the programming of the resources of the Green Climate Fund in line with Board decisions, including a timetable for their implementation;

14. **Requests** the Green Climate Fund to take concrete steps to better facilitate accreditation of private sector entities;

15. **Takes note** of the progress made in accrediting entities to the Fund, and **urges** the Board to prioritize the accreditation of public and local private sector entities, and maintain a fair and equal balance among public, private, and international accredited entities;

16. **Welcomes** the Board’s decision on country ownership and in this regard urges the Board to expedite support to help developing countries in accordance with the Governing Instrument of the Green Climate Fund;

17. **Requests** the Green Climate Fund to consider how to support developing countries in formulating policies, strategies, programmes and projects to implement their respective intended nationally determined contribution (INDC) starting in 2016;
18. **Urges** the Board to ensure that sufficient resources are provided for readiness and preparatory support in the context of its initial parameters and guidelines for the allocation of resources;

19. **Also requests** the Green Climate Fund to prioritize the development of its initial risk management framework in its efforts to further refine its institutional policies in 2016;

20. **Takes note of** the initiation of the process to appoint the Heads of the Independent Evaluation Unit, Independent Redress Mechanism and Independent Integrity Unit and urges the Board to ensure adequate developing country representation in the appointment of their heads, and to operationalize the Units no later than its third meeting in 2016;

21. **Urges** the Board to make public the procedures Parties and affected individuals should follow in order to seek redress while the Independent Redress Mechanism is being operationalized;

22. **Invites** the Green Climate Fund to consider supporting the advancement of the implementation of national adaptation programmes of action, and to clearly communicate in its annual report to the Conference of the Parties how it will do so;

23. **Also invites** the Green Climate Fund to consider:
   
   (a) How it can support the development of adaptation proposals, drawing on lessons learned from the GEF’s Project Preparation Grant approach;

   (b) In its programmatic priorities, the Cancun Adaptation Framework, in particular the principles as contained in paragraph 12 and the activities contained in paragraph 14 of decision 1/CP.16;

24. **Requests** the Board of the Green Climate Fund, recalling decision1/CP.18 paragraph 62, to report to the Conference of the Parties on the linkages between the Fund and the Technology Executive Committee;

25. **Encourages** the GCF to enhance its coordination and exchange of information on the provision of support, including results-based payments guided by the Warsaw Framework for REDD-plus, with other entities financing REDD-plus;

26. **Encourages** the Green Climate Fund to expedite work on results-based finance in 2016, applying the methodological guidance consistent with the Warsaw Framework for REDD-plus in order to improve the effectiveness and coordination of results-based finance, as referred to in 9/CP.19, paragraph 7 and report its progress to COP 22;

27. **Welcomes** GCF provisions to provide forest finance in the context of ecosystems based adaptation;

28. **Requests** the Green Climate Fund to consider, in its work under Private Sector Facility, the mobilization of finance for sustainable land-use practices and sustainable management of forests;

29. [Placeholder on possible guidance from the SBI agenda item 10(b) Poznan strategic programme on technology transfer]

30. [Placeholder for requests emanating from ADP discussions, including on finance, technology development and transfer, capacity-building and transparency];

31. **Welcomes** the efforts of the Green Climate Fund to engage with the Global Environment Facility to date, and encourages them to further articulate and build on the complementarity of their respective policies and programmes within the Financial Mechanism of the Convention;

32. **Urges** the Board to ensure it moves swiftly to implement the provisions of the Governing Instrument, ⁶ in particular paragraphs 33 and 34 and to interact with the technical and expert Bodies of Convention, the National Designated Authorities /Focal

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⁶ As contained in the annex to decision 3/CP.17.
Points, in its consideration of options for the development of mechanisms to promote coherence in programming at the national level in accordance with paragraph 34 of the Governing Instrument;

33. Also urges the Board, via the Co-Chairs or representatives designated by the Board, to coordinate with the SCF to address elements of paragraph 34 in accordance with their respective mandates;

34. Further urges the Board to consider options for appropriate arrangements between the Fund and other financing entities, with a focus on the Adaptation Fund;

35. Urges the Board in collaboration with the Standing Committee on Finance to develop appropriate mechanisms to support the Fund in drawing upon appropriate expert and technical advice, including from thematic bodies;

36. Requests the Board of the Green Climate Fund, recalling decision 7/CP.20 paragraph 15, when reviewing its policies and programme priorities, to make use of the information and lessons learned through engagement with other relevant bodies under the Convention, and other relevant international institutions;

37. Invites Parties to submit to the secretariat annually, and no later than 10 weeks prior to the subsequent session of the Conference of the Parties, their views and recommendations in writing on the elements to be taken into account in developing guidance to the operating entities of the financial mechanism of the Convention.

Appendix to the draft decision on draft guidance to the Green Climate Fund

1. Expresses concern regarding the implementation of the no-objection procedure, including matters related to transparency and the public disclosure of the no-objection letters;

2. Encourage Parties, in a position to do so, and invite relevant organizations to enhance support for capacity building and for national champions in each stage of the technology project cycle for effective climate technology financing and technology transfer; [may be further discussed under the SBI agenda item 10 Development and transfer of technologies and implementation of the Technology Mechanism]

3. Underlines the need for financial resources for the implementation of the Technology Needs Assessment results; [may be further discussed under the SBI agenda item 10 Development and transfer of technologies and implementation of the Technology Mechanism]

4. Given the different criteria and evaluations of international climate finance and technology support, there is a need to enhance coherence between international institutions, in order to reduce the complexity of processes which developing countries have followed to request financing.

Annex II

Draft decision on draft guidance to the Global Environment Facility

The Conference of the Parties,

Recalling decisions 12/CP.2, 3/CP.16, 5/CP.16, 7/CP.16, 11/CP.17, 9/CP.18, 6/CP.19 and 8/CP.20,

Taking note with appreciation of the annual report of the Global Environment Facility to the Conference of the Parties,

The appendix to this draft decision contains further inputs received from members of the SCF, as well as the Technology Executive Committee which Parties may wish to also take into consideration in their deliberations.

The appendix to this draft decision contains further inputs received from the Technology Executive Committee which Parties may wish to also take into consideration in their deliberations.

FCCC/CP/2015/4.
Standing Committee on Finance

21 of 33

Taking note of the recommendations of the Standing Committee on Finance contained in its report to the Conference of the Parties with regard to the provision of draft guidance to the Global Environment Facility;

Welcoming the pledges and contributions made to the Least Developed Countries Fund and the Special Climate Change Fund;

1. Notes that the Global Environment Facility has supported implementation of the remaining elements of the least developed countries work programme, including the updating and implementation of national adaptation programmes of action by providing funding to projects aimed at building capacity for least developed countries to participate effectively in climate change processes, promoting public awareness on climate change issues, promoting the transfer of adaptation technology and strengthening meteorological and hydrological services;

2. Welcomes the investments by the Global Environment Facility in sustainable forest management and REDD-plus, harnessing multiple benefits from forests and tackling the drivers of deforestation and forest degradation;

3. Encourages developed country Parties and other Parties in a position to do so, to mobilize financial support for the national adaptation plan process through contributions to the Least Developed Countries Fund and the Special Climate Change Fund in addition to bilateral, multilateral, and other support;

4. Urges the GEF to continue to explore additional sources of contributions for the Least Developed Countries Fund and the Special Climate Change Fund;

5. Requests the GEF to carry out a technical review of the programming priorities of the Least Developed Countries Fund with a view to identifying possible alternative roles for the Least Developed Countries Fund in the evolving climate finance architecture, in consultation with relevant stakeholders, particularly the Least developed countries Expert Group of the United Nations Framework Convention on Climate Change, and focus on:

(a) Piloting concrete climate change activities particularly relevant for the last developed countries;

(b) Enhancing longer-term institutional capacity to design and execute such activities;

6. Encourages the Global Environment Facility to continue its efforts to simplify access to the Least Developed Countries Fund and the Special Climate Change Fund;

7. Notes the finalization of the pilot accreditation of Global Environment Facility project agencies, and welcomes the addition of eight new project agencies to the network of the Global Environment Facility;

8. Urges the Global Environment Facility to work with all its agencies and recipient countries to ensure countries can take full advantage of the expanded network of agencies;

9. Welcomes the efforts of the Global Environment Facility to promote synergies between its focal areas, including through its integrated approach pilots;

10. Also welcomes the exploration of innovative non-grant instruments by the Global Environment Facility and encourages the Global Environment Facility to work with recipient countries, the private sector, and its agencies to submit proposals that aim to catalyse large-scale changes;

11. Further welcomes the approval of projects by the Global Environment Facility to support 46 developing country Parties in preparing their intended nationally

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10 Annex X to document FCCC/CP/2015/X.
determined contribution, and requests the Global Environment Facility to continue to provide support to Parties that may need such support.

12. Requests the Global Environment Facility to consider how to support developing countries in formulating policies, strategies, programmes and projects to implement their respective intended nationally determined contribution (INDC) starting in 2016;

13. Takes note of the actions of the Global Environment Facility to establish a more coherent, system-based approach for managing and sharing information and knowledge gained from projects and programs of the Global Environment Facility in order to improve the effectiveness of the Global Environment Facility and its agencies and enhance the capacity of recipient countries;

14. [Placeholder for requests emanating from ADP discussions, including on finance, technology development and transfer, and transparency];

15. [Placeholder on possible guidance from the SBI agenda item 10(a) Joint annual report of the Technology Executive Committee and the Climate Technology Centre and Network];

16. [Placeholder on possible guidance from the SBI agenda item 10(b) Poznan strategic programme on technology transfer];

17. [Placeholder on possible guidance from the SBI agenda item 4(c) Provision of financial and technical support to reporting requirements for non-Annex I Parties, in accordance with article 12 of the Convention];

18. [Placeholder on possible guidance from the outcomes of the discussion by the Standing Committee on Finance on the issue of frequency of guidance to the operating entities];

19. Welcomes the efforts of the Global Environment Facility to engage with the Green Climate Fund to date, and encourages them to further articulate and build on the complementarity of their respective policies and programmes within the Financial Mechanism of the Convention;

20. Invites Parties to submit to the secretariat annually, in writing, and no later than 10 weeks prior to the XX session of the Conference of the Parties, their views and recommendations on the elements to be taken into account in developing guidance to the Global Environment Facility;

21. Requests the Standing Committee on Finance to take into consideration the submissions referred to in paragraph 20 above when providing draft guidance to the Global Environment Facility for consideration by the Conference of the Parties;

22. Also requests the Global Environment Facility, to include, in its annual report to the Conference of the Parties, information on the steps that it has taken to implement the guidance provided in this decision.]

Appendix to the draft decision on draft guidance to the Global Environment Facility[2]

1. [Given the different criteria and evaluations of international climate finance and technology support, there is a need to enhance coherence between international institutions, in order to reduce the complexity of processes which developing countries have followed to request financing; (may be further discussed under the SBI agenda item 10 Development and transfer of technologies and implementation of the Technology Mechanism)]

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[2] The appendix to the draft decision contains further inputs received from the Technology Executive Committee which Parties may wish to also take into consideration in their deliberations.
2. *Invites* the Global Environment Facility to continue to provide financial support to developing country Parties to conduct or update their technology needs assessments; *may be further discussed under the SBI agenda item 10 Development and transfer of technologies and implementation of the Technology Mechanism*

3. *Underlines* the need for financial resources for the implementation of the Technology Needs Assessment results; *may be further discussed under the SBI agenda item 10 Development and transfer of technologies and implementation of the Technology Mechanism*

4. Encourage Parties, in a position to do so, and invite relevant organizations to enhance support for capacity building and for national champions in each stage of the technology project cycle for effective climate technology financing and technology transfer; *may be further discussed under the SBI agenda item 10 Development and transfer of technologies and implementation of the Technology Mechanism*
Annex IV: Report of the breakout group on measurement, reporting and verification of support beyond the biennial assessment and overview of climate finance flows

Outcome(s) of the discussions

Recommendations on methodologies for reporting financial information

1. The breakout group discussed the draft recommendations included in annex I of SCF/2015/11/6. There was general agreement that the SCF could recommend near-term actions such as improvements to the biennial reporting common tabular format (BR CTF) as well as longer-term actions to strengthen reporting under the Convention.

Workplan on measurement, reporting and verification of support beyond the biennial assessment and overview of climate finance flows

2. The breakout group discussed the draft workplan included in annex II of SCF/2015/11/6. Following discussions on gaps and areas for improvement in the current arrangements of MRV of support, the breakout group discussed activities to address the identified gaps and enable improved MRV of support during the period 2016-2017.

Agreements reached in the breakout group

3. The breakout group agreed on the draft recommendations contained in annex I of this present document.

4. The breakout group agreed on the draft workplan contained in annex II of this present document.

Next steps:

5. The recommendations on methodologies for reporting financial information by Annex I Parties will be included in the annual report of the SCF to the COP.

6. The workplan on MRV of support beyond the BA and overview of climate finance flows will be included in the annual report of the SCF to the COP.

Appendix I – Draft recommendations on methodologies for reporting financial information by Annex I Parties

The COP, by decision 11/CP.20, paragraph 6, requested the SCF to include its recommendations on the methodologies for the reporting of financial information in its annual report to COP21. The SCF agreed on its recommendations, taking into consideration the outcomes of the joint in-session technical workshop held in conjunction with the forty-second session of the subsidiary bodies13, drawing from a range of sources of information, including, inter alia, the views of Parties and observers on the methodologies for the reporting of financial information referred to in decision 2/CP.17 paragraph 19 and a technical paper prepared by the secretariat, summarizing the existing international methodologies for the reporting of financial information.

1. The SCF highlights the following near-term actions for consideration by the COP to improve methodologies for reporting financial information by Annex I Parties. The SCF recommends, in particular, improvements to the biennial reporting common tabular format (BR CTF). The COP may also wish to request the SBI to take into account, in the revision of the UNFCCC reporting guidelines on national communications, the revisions in the BR CTF:

   (a) Enhance consistency and transparency through adjustments in the reporting parameters in the CTF tables. The COP may wish to specifically request the SBSTA to consider the following in the revision of the BR CTF:

i. Create reporting fields for the provision of information on definitions or methodologies used for reporting information in the following reporting parameters: “climate-specific” or “core/general”, “status”, “funding source”, “financial instrument”, “type of support”, “sector”;

ii. Improve the software of the CTF by extending the number of input rows in the uploadable Excel file and creating links to other reporting software and platforms so as to facilitate importation and exportation of activity-level data.

(b) The COP may further wish to request the SBSTA to:

i. Invite Annex I Parties to inform UNFCCC national focal points of climate finance directed to recipient countries as reported to the Convention;

ii. Improve the software of the CTF to allow for search functions on the UNFCCC website to collect information per key category in tables 7, 7(a) and 7(b) of the CTF (i.e. category “recipient country/region”).

2. The COP may also wish to consider the following longer-term recommendations, in the context of on-going work by the SCF on measurement, reporting and verification of support, to further strengthen the reporting under the Convention by taking specific actions to enhance consistency, comparability and transparency of financial information reported under the Convention:

(a) Request the SBSTA, taking into consideration the work of the SCF, to align the categorization in the reporting parameter “status” of support (i.e. “pledged”, “committed” and “provided”) in the CTF with the categorization used in other existing international methodologies (i.e. “committed” and “disbursed” in OECD DAC);

(b) Create a separate reporting field in the CTF for the provision of project/programme-level information in addition to country/region-level information in reporting contributions through bilateral, regional and other channels.

(c) Taking note of the different reporting approaches used by data producers and aggregators14, including the work undertaken by the SCF in the context of the biennial assessment and overview of climate finance flows, request the SBSTA to modify the BR CTF to provide additional reporting fields for the provision of information on methodologies used by the Parties in collecting financial information for quantitative reporting under the Convention, with a view to enhancing transparency and facilitating harmonization of methodologies over time;

(d) Invite Annex I Parties, in collaboration with relevant data producers and aggregators, to develop common guidelines for the provision of information on methodologies used by the Parties in collecting financial information for quantitative reporting under the Convention, with a view to improving comparability of financial information reported under the Convention;

(e) Request the SCF, in collaboration with the SBSTA and Consultative Group of Experts on National Communications from Parties not included in Annex I to the Convention (CGE), to develop options for common reporting methods for needs and climate finance received in time for the next cycle of biennial update reports, with consideration of developing countries experiences15.

Appendix II – Draft workplan on MRV of support beyond the BA and overview of climate finance flows

The SCF identified a number of gaps and areas for improvement in the current arrangements of MRV of support, which is made available on the SCF website16. The SCF will implement the activities presented in the following table during the period 2016-2017 to address the identified gaps and enable improved MRV of support under the Convention.

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14 See FCCC/TP/2015/2 Annex for a preliminary comparison of the reporting approaches used by different organizations (updated in May 2015).

15 This option is also part of the recommendation by the SCF on the 2014 biennial assessment and overview of climate finance flows. FCCC/CP/2014/5, Annex II, paragraph 18(b).

### Activities and expected outcomes relating to MRV of support (2016-2017)

<table>
<thead>
<tr>
<th>Measurement</th>
<th>Activities</th>
<th>Expected outcomes</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>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</td>
<td>Options provided to the COP, as appropriate</td>
</tr>
<tr>
<td></td>
<td>Encourage transparency and comparability of developing country reporting</td>
<td>Options provided to the COP on methodologies for reporting financial information for developing countries</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Reporting</th>
<th>Activities</th>
<th>Expected outcomes</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Provide expert input to harmonize reporting guidelines of national communications with the biennial reporting common tabular format (BR CTF)</td>
<td>Options provided to the COP to request the SBI to take action in the revision of the UNFCCC reporting guidelines on national communications, as appropriate</td>
</tr>
<tr>
<td></td>
<td>Devise practical options for reporting mobilized climate-related private finance in cooperation with relevant institutions and experts, including from the private sector</td>
<td>Options provided to the COP to request the SBSTA to take action at the next revision of the BR CTF, as appropriate</td>
</tr>
<tr>
<td></td>
<td>Consider common reporting methods for needs and climate finance received, with consideration of developing countries capacity and experiences as well as needs for support on MRV of support</td>
<td>Options provided to the COP to invite a relevant the SBSTA to develop a common reporting format</td>
</tr>
<tr>
<td></td>
<td>Consider general principles (i.e. transparency, comparability, efficiency, completeness, accuracy) that should guide the work on further efforts to improve methodologies for reporting financial information</td>
<td>Options provided to the COP, as appropriate</td>
</tr>
<tr>
<td></td>
<td>Enhance engagement of relevant data producers, collectors, aggregators, with a view to facilitating the development of common methodologies for collection of financial information</td>
<td>Options provided to the COP, as appropriate</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Verification</th>
<th>Activities</th>
<th>Expected outcomes</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Consider options to strengthen verification</td>
<td>Options provided to the COP to invite a relevant body to take action, as appropriate</td>
</tr>
<tr>
<td></td>
<td>Consider options for cross-checking financial information reported under the Convention on support provided and received, where possible, with a view to, inter alia, developing a better understanding of the progress made towards the goal of jointly mobilizing $100 billion dollars a year by 2020</td>
<td>Options provided to the COP, as appropriate</td>
</tr>
</tbody>
</table>
Annex V: 2016 biennial assessment and overview of climate finance flows

Outcome(s) of the discussions

1. With regard to the draft outline of the 2016 BA, the working group identified the following additional elements to be included:
   a) A review of recommendations from the 2014 BA.
   b) Further specification on types of flows to be covered in the overview of flows section, namely: public, private, domestic, South South, North South, climate relevant flows including flows from the FM of the Convention, investment in and support for fossil fuels.
   c) A reflection of the recipient country perspective in the section on overview of flows.
   d) Consideration of ownership, impact and effectiveness of climate finance.
   e) A reflection of issues discussed at the 2015 and 2016 SCF Forums.

Agreements reached in the breakout group

2. The breakout group agreed on the draft outline for the 2016 BA as contained in Annex I.
3. The breakout group further agreed on the indicative timeline for preparing the 2016 BA as contained in Annex II.

Next steps:

4. The draft outline and the indicative timeline for preparing the 2016 BA will be included in the annual report of the SCF to the COP.

Appendix I – Draft outline of the 2016 biennial assessment and overview of climate finance flows

Executive summary
- The mandate
- Challenges and limitations
- Key findings
- Conclusions and recommendations

Introduction
- Objectives: set the scene – context of COP decisions.
- Scope: explicit explanation of what BA2 will do (i.e. it’s a ‘meta analysis’ and overview/summary of existing publically available information, rather than presenting new data).
- The BA should also provide a guide on how the reader should use and interpret the figures in its recommendations.

Approach used in preparing BA2
- Clearly outline what the BA is: describe where the data has been sourced from, time period, data coverage (i.e. what’s in and what’s out), and how the data was aggregated (e.g. how the different types of sub-flows are categorized in the onion diagram, how “pledged” vs “committed” vs “disbursed” are treated, etc.)
- Clearly describe where the data on “geographical” and “thematic balance” comes from and how it is aggregated and categorized.
- Clearly outline the challenges and limitations (e.g. practical difficulties in estimating domestic flows and other un-reported flows with any certainty)
Methodological issues related to MRV including recent developments

- Describe how other data aggregators have treated their numbers (e.g. briefly describe their definitions and how they compare to BA1, etc.).
- Describe how the differences among definitions and reporting methods have been addressed (e.g. how we treat “pledged” vs “committed” vs “disbursed”, etc.)
- Compare the strengths and weaknesses of the methodologies for reporting public and private climate finance flows (i.e. how the development of new methodologies and harmonization of existing methodologies of data aggregators represent improvements compared to methodologies described in BA1 to feed into recommendations)
- Review recommendations from BA1, including those from the report of the technical review of BR1, with a view to examining the extent to which the recommendations have been considered in BR2.

Overview of flows

- A succinct section, mainly presenting numbers (e.g. public, private, domestic flows, South South, North South, climate relevant flows including flows from the FM of the Convention, investment in and support for fossil fuels), also reflecting the perspective of recipient countries.
- The onion diagram, showing estimates of climate finance flows for the period 2013-2014, with sufficient tabular data to make it clear what is included and how.
- Presentation of estimates of geographical and thematic balance of flows.
- Reflection on issues discussed at the 2015 and 2016 SCF Forum.

Assessment of flows

- A succinct description of the limitations of the overview section, description or explanation of the results, with identification of gaps, as needed.
- Identification of criteria – if any – for the “assessment” of climate finance flows.
- Describe how the quality of measurement and reporting is assessed (e.g. clearly outline the sources of data uncertainty, clearly describe the assessment of the quality of data “relatively certain”, “medium certain”, “relatively uncertain”)
- Consider how the BA2 can be used to assess how most effectively to meet adaptation and mitigation needs with climate finance and consider ownership, impact and effectiveness more generally building on BA1.
- Explain how information in BA2 can be used in the context of mobilization of climate finance resources.

Conclusion and recommendations

- A short section focusing on recommendations for further improvements for BA3. It could describe some of the political challenges inherent in an assessment of this kind, but be very neutral in what recommendations are made as a result.
## Appendix II: Indicative Timeline

<table>
<thead>
<tr>
<th>Activities and deliverables</th>
<th>2015-2016</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Q3</td>
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<tr>
<td><strong>Phase I: Finalizing the scope and structure</strong></td>
<td></td>
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<tr>
<td>Scope, structure and outline of the technical report</td>
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<tr>
<td><strong>Phase II: Research and drafting</strong></td>
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<tr>
<td>Literature review and data collection</td>
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<tr>
<td>Drafting of individual chapters of the technical report</td>
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<tr>
<td>Technical workshops</td>
<td></td>
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<tr>
<td><strong>Phase III: Final drafting</strong></td>
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<tr>
<td>The working group discusses findings and insights, based on draft chapters</td>
<td></td>
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<tr>
<td>Final draft of the technical report</td>
<td></td>
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<tr>
<td>Drafting and finalization of the Summary and Recommendations</td>
<td></td>
</tr>
<tr>
<td><strong>Phase IV: Peer review, lay out and production of the document</strong></td>
<td></td>
</tr>
<tr>
<td>External/peer review (tbc)</td>
<td></td>
</tr>
<tr>
<td>Layout design and publication</td>
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</tr>
<tr>
<td><strong>Phase V: Outreach and dissemination</strong></td>
<td></td>
</tr>
<tr>
<td>Communication and promotion of the technical report and the summary and recommendations</td>
<td></td>
</tr>
</tbody>
</table>
Annex VI: Report of the breakout group on the institutional linkages and relations between the Adaptation Fund and other institutions under the Convention

Outcome(s) of the discussions

1. The breakout group considered the working paper prepared by secretariat, taking into account some of the recommendations identified by the paper.

2. There was a general agreement that the working document includes background information on the options identified in the submissions from SCF members and observers.

3. One member, however, pointed out that the working paper did not take into account findings and conclusions from the fifth review of the Financial Mechanism and the second review of the Adaptation Fund. Building on this, the member suggested additional options for linkages between the AF and the Convention in order to capture the broad range of options that have been discussed in relation to this matter.

4. The legal office of the secretariat provided advice on the legal feasibility of the options introduced, which were presented into the room.

5. There was general agreement on a conclusion recognizing the influence of other ongoing processes (i.e. the ADP, AFB, GCF Board) on the consideration of linkages and that the SCF should therefore further discuss the issue in its 2016-2017 work-plan.

6. Four draft recommendations were presented. Two of the recommendations would require further work by the SCF and other bodies to encourage coherence and complementarity. The other two options relate to the role of the SCF in providing guidance to the AFB, and to adopting the AF as an operating entity under the financial mechanism.

Agreements reached in the breakout group

7. The breakout group agreed to present the draft conclusion and the options under recommendations, for consideration by the Plenary.

Appendix: Outcome by the SCF on the issue of future linkages and relations between the Adaptation Fund and other institutions under the Convention

Conclusions

The SCF noted the working paper on institutional linkages and relations between the Adaptation Fund and other institutions under the Convention prepared by the secretariat.17 The SCF identified a number of issues that may require further consideration. In particular, a number of ongoing processes that may have implications on future linkages between the AF and other institutions under the Convention, such as:

a) The on-going negotiations under the Ad Hoc Working Group on the Durban Platform for Enhanced Action (ADP);

b) The on-going discussions within the Adaptation Fund Board with regard to potential linkages between the AF and the GCF;

c) The request by the Adaptation Fund Board to CMP11 for provide guidance on the mandate of the Board to take decision on linkages between the GCF and the Adaptation Fund;18

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d) A number of key policies that are still under development by the GCF Board and, which could have implications on the nature of the possible linkages between the AF and the GCF;

e) The fact that the GCF Board has yet to consider the issue of the appropriate arrangements between the GCF and the other existing funds under the Convention, in line with paragraphs 33 and 34 of its Governing Instrument.

Based on the above, the SCF believes it that it should further examine the issue of future linkages and relations between the AF and other institutions under the Convention, in particular with the GCF, based on the evolution of the above processes.

In addition, the COP may wish to consider the following options that were discussed by the SCF but on which the SCF did not reach consensus:

- The COP requesting the SCF to provide input to the guidance to the Adaptation Fund Board.
- The COP considering the designation of the Adaptation Fund as an operating entity of the Financial Mechanism.

**Recommendations**

The SCF recommends that the COP to encourage the thematic bodies and expert groups under the Convention to continue and strengthen their collaboration with the Adaptation Fund with the view to promoting a comprehensive approach to support adaptation action at the level of the Convention.

The SCF recommends that the COP requests the SCF to continue its work on linkages and relations between the Adaptation Fund and other institutions under the Convention.\(^20\)

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\(^{19}\) Informed by a briefing note from the UNFCCC secretariat on the legal feasibility of these options. The legal note is available at: <http://unfccc.int/files/cooperation_and_support/financial_mechanism/standing_committee/application/pdf/legal_note_on_proposed_recommendations_on_af_linkages.pdf>.

\(^{20}\) As per the mandate in decision 6/CP.20, paragraph 22.
### Annex VII: Timeline for inputs to be provided by members of the Standing Committee on Finance/
Work to be undertaken in advance of the twelfth meeting of the Standing Committee on Finance

<table>
<thead>
<tr>
<th>Area of inputs / work to be undertaken</th>
<th>Work to be undertaken by working groups / co-facilitators / task teams / secretariat</th>
<th>Inputs to be provided by SCF members</th>
<th>Timeline</th>
</tr>
</thead>
</table>
| COP21 report                          | • Revision by co-facilitators/working groups  
• Secretariat circulates the draft report for final review by SCF members  
• Secretariat circulates the report to the SCF on a non-objective basis |                                      | • Monday, 2 November  
• Tuesday, 3 November  
• Monday, 9 November |
| 2015 forum and the Work on coherence and coordination | n/a | n/a | n/a |
| 2016 forum                            | (a) A draft concept note for the forum;  
(b) An outreach strategy for the forum, including a mapping of the relevant stakeholders;  
(c) A screening of possible events and organizations to partner with in the organization of the forum. | Submissions on the scope for the forum for consideration in the drafting of the concept note for the forum | End February 2016 |
<p>| Draft guidance to the operating entities of the Financial Mechanism | n/a | n/a | n/a |
| MRV of support beyond BA              | n/a | n/a | n/a |
| 2016 BA                               | n/a | n/a | n/a |
| AF linkages                           | n/a | n/a | n/a |</p>
<table>
<thead>
<tr>
<th>Area of inputs / work to be undertaken</th>
<th>Work to be undertaken by working groups / co-facilitators / task teams / secretariat</th>
<th>Inputs to be provided by SCF members</th>
<th>Timeline</th>
</tr>
</thead>
<tbody>
<tr>
<td>SCF 11 meeting report</td>
<td>• Co-chairs, with the support of the secretariat, will write the report and make it available to SCF members on a no-objection basis</td>
<td></td>
<td>• 2 weeks after SCF11</td>
</tr>
<tr>
<td>SCF 12 provisional agenda</td>
<td>• Co-chairs with the support of the secretariat</td>
<td></td>
<td>• TBD</td>
</tr>
<tr>
<td>SCF 12 annotations to the provisional agenda</td>
<td>• Co-chairs with the support of the secretariat</td>
<td></td>
<td>• TBD</td>
</tr>
</tbody>
</table>